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No. .....

In the Supreme Court of the United States

OCTOBER TERM, 1980

AB TURN-O-MATIC,
Petitioner,
vs.
SVEN TVETER,
Respo..dent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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No. .....

In the Supreme Court of the United States

OCTOBER TERM, 1980

AB TURN-O-MATIC,
Petitioner,
VS.
SVEN TVETER,
Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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Petitioner, AB Turn-O-Matic, prays that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

The opinion of the Court of Appeals is reported at 633 F.2d 831 and is reprinted as Appendix A to this Petition. The opinion of the District Court for the Northern District of California which is unreported is reprinted as Appendix C prefaced by final amendments thereto and including the supporting record references.

JURISDICTION

The judgment of the Court of Appeals was filed December 4, 1980. The jurisdiction of this Court is invoked under 28 USC 1254(1).

QUESTION PRESENTED

Is "synergism" a requirement for unobviousness of inventions under 35 USC 103 despite the fact the statute says nothing about synergism?

STATUTORY PROVISION INVOKED

This case involves Section 103 of the Patent Act of 1952, 35 USC 103. (Appendix B).

STATEMENT OF THE CASE

A. The Issue.

Petitioner, AB Turn-O-Matic, seeks review of the decision of the Court of Appeals for the Ninth Circuit reversing in part the judgment of the District Court and holding Petitioner's ticket dispenser patent invalid by failing to meet the non-statutory, post-invention, factual test of "synergism"—i.e., only when the whole in some way exceeds the sum of its parts is the accumulation of old elements patentable.

Turn-O-Matic is the owner of United States Letters Patent No. 3,885,724 issued in 1977 on a ticket dispenser for a waiting customer numbering system. Turn-O-Matic brought an action against Respondent, Sven Tveter, who had duplicated the Turn-O-Matic ticket dispenser. The action was for patent infringement, trademark infringement, and unfair competition. The District Court held that the patent on the ticket dispenser was valid and infringed, that the trademark in question was valid and infringed and that Tveter had unfairly competed with Turn-O-Matic. While

affirming the District Court's decision of trademark infringement and unfair competition, the Court of Appeals reversed the trial court and held the patent invalid under 35 USC 103.

B. The Opinions Below.

The trial court made detailed factual determinations for a decision of obviousness under 35 USC 103 by the test established by this Court in *Graham.*[1] The District Court concluded from its factual determinations that the ticket dispenser would not have been obvious to one skilled in the art and was, therefore, patentable. The District Court made a determination if such was required under the law that the ticket dispenser of the patent produces a synergistic result.

The Court of Appeals seized upon a four sentence excerpt from the eleven-day trial as supposedly the sole basis for the trial court's determination of a synergistic result and suggested that the synergistic result stated there would accurately describe a simple cellophane tape dispenser.

With its own offhand unsupported determination that the patented ticket dispenser would not produce a synergistic result, the Court of Appeals held that lacking a necessary synergistic result the patent was invalid for obviousness.

REASON FOR GRANTING THE WRIT

A. Summary.

Petitioner respectfully submits that this Court should review the present case to eliminate the conflict among the Circuits as to the effect of synergism on patentability.

B. The Conflict.

By Section 103 of Title 35 enacted in 1952, Congress has specified that an inventor is entitled to a patent for his invention unless that invention would have been obvious,

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1. *Graham v. John Deere Co.*, 383 U.S. 1 (1966).

at the time the invention was made, to a person of ordinary skill in the art. This Court in construing Section 103 in *Graham* recognized the difficulty for courts in interpreting what would be "obvious," and the need for a practical test for patentability.

Accordingly, this Court set out in *Graham*[2] the following test for determination of patentability in terms of obviousness:

> "Under Section 103 the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined."

Nothing in Section 103 or the test specified in *Graham* says anything about synergism or even mentions "synergism."

Subsequent to *Graham*, this Court decided *Anderson's—Black Rock*[3] and *Sakraida*.[4] While both of these subsequent decisions mention "synergism," neither decision states that synergism is necessary or sufficient to establish nonobviousness and thus patentability.

There is a split among the Circuits, and even within certain circuits, as to the effect of "synergism" on a determination of obviousness. Some courts says "synergism" is necessary to establish patentability; some say "synergism" is unnecessary to establish patentability; and some say "synergism" is sufficient to establish patentability.

The First Circuit in *International Tel. & Tel. Corp. v. Raychem Corp.*[5] held that a synergistic effect was the rele-

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2. *Id.* at page 17.
3. *Anderson's-Black Rock v. Pavement Salvage Co.*, 396 U.S. 57, (1969).
4. *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976).
5. 538 F.2d 453, 457 (1st Cir. 1976).

vant legal standard for determining patentability and that the findings established "a sufficient synergistic effect" between the materials of the article to cross the border line to constitute patentable invention.

The Second Circuit impliedly, but not specifically, rejected the theory that synergism is necessary to establish patentability in *Champion Spark Plug v. Gyromat Corp.*,[6] but that Circuit has held that synergism is a sufficient condition to establish patentability. *Digitronics Corp. v. New York Racing Ass'n Inc.*[7]

The Third Circuit in evaluating synergism as a requirement noted the split among the circuits and declined to rule that synergism is a precondition to patent validity in all cases. *Sims v. Mack Truck Corp.*[8]

The Fifth Circuit on the one hand has stated that only where there is a synergistic result is the device patentable. *Parker v. Motorola, Inc.*[9] On the other hand, that same Fifth Circuit has recited the requirement of a synergistic result as one of three alternative conditions for determining patentability. *John Zink Co. v. National Airoil Burner Co.*[10]

The Sixth Circuit requires synergism to constitute patentability. *Reynolds Metals Co. v. Acorn Bldg. Components, Inc.*[11] and *American Seating Co. v. National Seating Co.*[12] In its most recent pronouncement in *Smith v. ACME General Corp.*[13] the Sixth Circuit discussed various applica-

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6. 603 F.2d 361, 372 (2nd Cir. 1979).
7. 533 F.2d 740, 747 (2nd Cir. 1977) and recently followed in *Leinoff v. Valerie Furs Ltd.*, 501 F.Supp. 720, 725 (S.D.N.Y. 1980).
8. 608 F.2d 87, 93 (3rd Cir. 1979).
9. 524 F.2d 518, 531-532 (5th Cir. 1975).
10. 613 F.2d 547, 551 (5th Cir. 1980).
11. 548 F.2d 155, 166 (6th Cir. 1977).
12. 586 F.2d 611, 620 (6th Cir. 1978).
13. 614 F.2d 1086, 1093-1095 (6th Cir. 1980).

tions of the synergism test and again applied it as a requirement for patentability. This circuit also has held that synergism is a sufficient condition for patentability. *Hanson v. Alpine Valley Ski Area, Inc.*[14]

The Seventh Circuit rejects the requirement of synergism for establishing patentability. In *Republic Industries, Inc. v. Schlage Lock Co.*[15] the Seventh Circuit made a detailed analysis of the background and application of the "synergism" test including *Anderson's-Black Rock* and *Sakraida* before concluding that "synergism" does not comport with the *Graham* mandate to apply Section 103. In accord: *Amp Inc. v. Bunker Ramo Corp.*[16]

While the Eighth Circuit held in *Clark Equipment Co. v. Keller*[17] that "synergism" has no talismanic power and is merely one indication of nonobviousness, that same Court has more recently held that synergism is one of the requirements that the court *must* look for in determining whether patents meet the Section 103 requirements of patentability. *Reinke Mfg. Co. Inc. v. Sidney Mfg. Corp.*[18]

The Court in the Ninth Circuit where the present case arose has required synergism. *Astro Music Inc. v. Eastham,*[19] *Penn International Industries v. Pennington Corp.,*[20] and *Herschensohn v. Hoffman.*[21] In a decision just eleven months before the decision in the present case the Ninth Circuit examined the split among the Circuits regarding

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14. 611 F.2d 156, 160 (6th Cir. 1979).
15. 592 F.2d 963, 971 (7th Cir. 1979).
16. 604 F.2d 24 (7th Cir. 1979).
17. 570 F.2d 778, 789 (8th Cir. 1978).
18. 594 F.2d 644, 648 (8th Cir. 1979).
19. 564 F.2d 1236, 1238 (9th Cir. 1977).
20. 583 F.2d 1078, 1081 (9th Cir. 1978).
21. 593 F.2d 893, 896 (9th Cir. 1979).

any requirement of synergism and then sidestepped the issue. *Palmer v. Orthokinetics Inc.*[22]

In the Tenth Circuit the Court in *Deere and Co. v. Hesston Corp.*[23] and *True Temper Corp. v. C F & I Steel Corp.*[24] stated that synergism must exist for a valid patent but in *Plastic Container Corp. v. Continental Plastics*[25] stated that synergism is not a requirement. In *Norfin, Inc. v. International Business Machines*[26] the Tenth Circuit acknowledged the conflict within its own circuit but left resolution of the conflict "for a later day."

The Court of Customs and Patent Appeals in *In re Sponnoble*[27] rejected a requirement of synergism for patentability as did the Court of Claims in *Bowser, Inc. v. United States.*[28]

From the conflicts even within certain of the Circuits it is apparent that it is not even possible to make an accurate summary of which Circuits require and which reject synergism.

Views from Justices of this Court have added to the conflict. In the published dissent to the denial of certiorari in *Roanwell Corp. v. Plantronics, Inc.*[29] Justice White, joined by Justice Brennan, stated that for patentability "there must be a synergistic result that is itself unobvious," citing *Anderson's-Black Rock* and *Sakraida.* This statement is in sharp contrast with the Seventh Circuit which noted

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22. 611 F.2d 316, 324 (9th Cir. 1980).
23. 593 F.2d 956, 962 (10th Cir. 1979).
24. 601 F.2d 495, 506 (10th Cir. 1979).
25. 607 F.2d 885, 904 (10th Cir. 1979).
26. 624 F.2d 357, 365 (10th Cir. 1980).
27. 405 F.2d 578, 585 (CCPA 1969).
28. 388 F.2d 346, 349-350 (Ct.Cls. 1967).
29. 429 U.S. 1004, 1006 (1976).

in *Republic*[30] that nowhere in *Anderson's-Black Rock* or in *Sakraida* did this Court hold a synergistic effect to be a necessary condition of patentability.

Federal Judges Howard T. Markey,[31] Giles S. Rich,[32] Jack R. Miller[33] and William C. Conner,[34] all of whom have had extensive exposure to patent cases, have written articles criticizing a requirement that synergism exist to establish patentability.

Application of a synergism test suffers right from an attempt to define the term. "Synergism" is only a figure of speech and in the literal sense never has existed and never can exist in mechanical inventions when the term is defined as a whole result greater than the sum of its constituent parts.

A more fundamental flaw with the synergism test is that the test reflects on "obviousness" *after* the invention was made rather than "at the time the invention was made" as specified in Section 103.

This Court is aware of the need for reducing the number and duration of Federal court cases. Until this Court acts to clear up the morass surrounding "synergism" as applied

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30. *Republic Industries Inc. v. Schlage Lock Co.*, 592 F.2d 963, 969 (7th Cir. 1979).

31. Markey, *The Synergism Virus: Cause and Cure*, 2 Bull. L.A. Pat. Law Assoc. 2, (Oct. 6, 1980).

32. Rich, *Escaping the Tyranny of Words—Is Evolution in Legal Thinking Impossible?*, 60 JPOS 5, pp 271-303 (1978).

33. Miller, *Factors of Synergism and Level of Ordinary Skill in the Pertinent Art in Section 103 Determinations*, 8 APLA Journal 4, pp 321-332 (1980). Judge Miller wrote the decisions in the *Champion* Case, note 6 supra, and the *Plastic* case, note 25 supra.

34. Conner, *Some Highly Personal Reflections on Section 103*, 5 APLA Journal 2, pp 77-86 (1977). Judge Conner stated in his recent opinion in *Brennan v. Mr. Hanger, Inc.*, 479 F. Supp. 1215, 1225 (S.D.N.Y. 1979) that left any choice he would enthusiastically join the Courts of Appeal for the Seventh and Tenth Circuits in expressly repudiating the synergism requirement.

in patent cases, the number of lengthy, complex patent trials and appeals revolving on the application of "synergism" will increase. And it appears clear that sooner or later this Court will have to speak on this issue.

In order to bring consistent predictability to this branch of the law and resolve the conflict between the Circuits, we urge that Petitioner's Writ be granted and that this Court strike synergism as a requirement for patentability.

CONCLUSION

For the reasons stated, a Writ of Certiorari should issue to review the judgment and opinion of the United States Court of Appeals for the Ninth Circuit.

Respectfully submitted,

LIMBACH, LIMBACH & SUTTON

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Appendix A

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Richard H. Deane, Clerk, U.S. Court of Appeals

United States Court of Appeals
for the Ninth Circuit

No. 77-2299
D.C. No. C 75 1097 RHS

SVEN TVETER, an individual,
doing business as SGT Enterprises,
Defendant-Appellant,

v.

AB TURN-O-MATIC, a Swedish
corporation, and SCANDUS, INC.,
a California corporation,
Plaintiffs-Appellees.

OPINION

Appeal from the United States District Court
for the Northern District of California
Cecil F. Poole, District Judge, Presiding
Argued and submitted March 13, 1979

Before: BROWNING, Chief Judge, WALLACE, Circuit Judge, and CURTIS,* District Judge

BROWNING, Chief Judge:

Appellant Tveter produces and distributes "Take-A-Turn," a device for dispensing numbered tickets to persons awaiting service. Appellee AB Turn-O-Matic produces "Turn-O-Matic," a similar device performing the same function. The "Turn-O-Matic" device is distributed in the United

*Honorable Jesse W. Curtis, Senior Judge, United States District Court for the Central District of California, sitting by designation.

States by appellee Scandus, Inc. It was first on the market. The district court held that appellant had infringed appellees' patent and trademark rights, and that appellant had unfairly competed with appellees by simulating the appearance of the "Turn-O-Matic" and "palming off" appellant's goods as those of appellees.

We reverse in part and affirm in part, concluding that the "Turn-O Matic" device is unpatentable for obviousness, but that appellant violated appellees' trademark rights and engaged in unfair competition in the marketing of "Take-A-Turn."

I.

Appellees' "Turn-O-Matic" is a commercial embodiment of Ehrlund U.S. Patent No. 3,885,724, issued May 27, 1975, for a "Device for Tearing Off Pieces of a Certain Length from a Strip." Appellant contends the Ehrlund patent was invalid under 55 U.S.C. § 103, which permits a patent to be issued only

> if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

The district court made findings on the factual issues identified in *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966), as relevant to the determination of obviousness under section 103: (1) the scope and content of the prior art; (2) the differences between the prior art and the claims at issue; and (3) the level of ordinary skill in the pertinent art.

The district court concluded that the device disclosed by the Ehrlund patent would not have been obvious to one

skilled in the art and was therefore patentable—a conclusion of law. *Sakraida v. Ag Pro Inc.*, 425 U.S. 273, 280 (1976).

In defending the court's findings and conclusion, appellees argue that because of the statutory presumption of validity, 35 U.S.C. § 282, appellant bore "the heavy burden of persuasion by 'clear and convincing' proof of the alleged obviousness of the patented invention."

The presumption of non-obviousness over the prior art rests upon the assumption that the patent examiner compared the claims with the prior art. The examiner did not have before him Ingram No. 1,704,044, Burr & Davis No. 843,579, Osborn Nos. 3,173,601 and 3,229,876, Williams No. 3,098,594, Beloud No. 2,361,528, Kingsbury No. 1,983,463, and Suk No. 1,575,081. As indicated below, these prior patents contain disclosures closer to Ehrlund's device than those found in the patents considered by the examiner.[1] This circumstance dissipated the presumption of validity. The burden of proof with respect to non-obviousness remained with appellees as claimants under the patent. *Photo Electronics Corp. v. England*, 581 F.2d 772, 775 (9th Cir. 1978); *Deere & Co. v. Sperry Rand Corp.*, 513 F.2d 1131, 1132 (9th Cir. 1975); *Hewlett Packard Co. v. Tel-Design Inc.*, 460 F.2d 625, 628 (9th Cir. 1972).

The district court's findings as to the content of the prior art are not in question. The court treated all of the prior patents relied upon by appellant as pertinent prior art.

The district court's findings as to the differences between the prior art and the patented device consist primarily of listings of one or more respects in which a particular device disclosed in a particular prior art patent, separately con-

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1. See note 6, *infra*.

sidered, differed from the device disclosed in the Ehrlund patent. The differences are largely semantic—often relating more to the label attached to a particular element than to its function.[2] In any event, the fact that each prior patented device differed in one or more respects from the Ehrlund device establishes only that the latter was not "identically disclosed or described" in previous patents, thus satisfying section 102 of Title 35. This is not enough to satisfy the requirement of section 103 that a patentable device disclose a non-obvious advance over the whole of the pertinent prior art.

Nor is the non-obviousness requirement satisfied simply because the article sought to be patented differs from the pertinent prior art taken as a whole. "[T]he mere existence of differences between the prior art and an invention does not establish the invention's nonobviousness. The gap between the prior art and [the invention must be sufficiently] great as to render the system nonobvious to one reasonably skilled in the art." *Dann v. Johnston,* 425 U.S. 219, 230 (1976).

The district court found that the "skill of the average man in this art includes mechanical knowledge, knowledge of materials, and properties of materials, a mechanical ability to see how things fit together, *and probably* exposure to earlier model dispensers." (Emphasis added). The emphasized phrase suggests a misapprehension of the law. There can be no doubt that the test for patentable invention is whether the innovation would have been obvious to a person of ordinary skill charged with complete knowledge of all pertinent prior developments, however much universal knowledge might exceed the knowledge actually possessed by the ordinary workman in the art. *Walker v. General*

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2. See note 7, *infra.*

Motors Corp., 362 F.2d 56, 60 n.3 (9th Vir. 1966). Since such compendious knowledge is at best unlikely, in the usual case the inquiry must be hypothetical.

The district court's findings recite testimony by the alleged inventor and by two experts that the patented device would not have been obvious either to them or to a person of average skill in the art even had they known of the prior art cited by appellant. Such testimony is of little value. "Obviousness" is not a simple factual conclusion drawn from the subsidiary findings of fact as a matter of ineluctable logic. "Obviousness" is a question of law, *Sakraida v. Ag Pro Inc., supra,* 425 U.S. at 280, a legal concept embodying the constitutional standard of invention.

An innovation is not necessarily patentable because it results in greater convenience and utility. To be patentable, an innovation must embody "invention"; and "invention" excludes adjustments, alterations, and improvements that could be expected to result from the exercise of the skill and ingenuity of a mechanic charged with knowledge of all that is disclosed in prior art. This is the exclusion expressed in section 103's requirement that the innovation must not be "obvious" to such a person. *Sakraida v. Ag Pro Inc., supra,* 425 U.S. at 279.

The level of innovation required for patentability is especially high where the device is a combination of old elements, as here. Such a "mechanical combination must utilize a new principle or achieve a new result to cause it to rise to the status of invention." *SSP Agricultural Equipment, Inc. v. Orchard-Rite Ltd.*, 592 F.2d 1096, 1101 (9th Cir. 1979). "The conjunction or concert of known elements must contribute something; only when the whole in some way exceeds the sum of its parts is the accumulation of old devices patentable." *Great Atlantic & Pacific Tea Co. v.*

Supermarket Equipment Corp., supra, 340 U.S. at 152. There must be "unusual or surprising consequences from the unification of the elements"; the old elements must perform an "additional or different function in the combination than they perform out of it." *Id.* As we have repeatedly said, this is a "severe test." *See, e.g., Rigimbal v. Scymansky,* 444 F.2d 333, 339 (9th Cir. 1971); *Santa Anita Manufacturing Corp. v. Lugash,* 369 F.2d 964, 967 (9th Cir. 1966); *Bentley v. Sunset House Distributing Corp.,* 359 F.2d 140, 144 (9th Cir. 1966). "Mechanical patents covering a combination of old elements must be scrutinized with care, since it is unlikely that such combinations will amount to patentable invention." *SSP Agricultural Equipment, Inc. v. Orchard-Rite Ltd., supra,* 592 F.2d at 1101.

The Ehrlund "Turn-O-Matic" contains a roll of paper tickets numbered consecutively. The tickets are divided by a punched or perforated line across most of the width of the strip, leaving an uncut margin on both sides. The perforated or punched line is curved or angled toward the user at midpoint. As a ticket is pulled, it passes over a projecting flange having the same width as the flap or tongue. Downward pressure on the tape brings the uncut, unperforated margins of the tape in contact with cutting edges at each side of the flange, separating the ticket. The flap or tongue of the succeeding ticket, held level by the flange, projects from the dispenser for the next user to grasp.

Appellees' claim of inventive difference in the Ehrlund device "is the guidance structure that cooperates without moving parts with the forwardly directed ticket tongue or flap to dispense intended tickets in a one-hand, one-step pulling operation in which the end ticket is separated from the roll leaving the ticket tongue of the succeeding ticket

protruding from the dispenser ready to pull the next ticket." Appellees' Brief, page 16.

Devices for severing and dispensing sheet material in predetermined lengths are old.[3] Such devices commonly disclose means for guiding the material over a cutting edge for separation.[4] Several employ a one-hand, one-step operation and have no moving parts.[5]

In the final analysis, appellees' argument for patentability over the prior art rests upon the interaction between the projecting flange and a ticket strip having flaps or tongues pointed in the feeding direction of the strip. Brief for Appellees, page 31. This development is not inventive over Burr & Davis, No. 843,579 (1907), in light of Beloud No. 2,361,528 (1944), or over the so-called "Baggie" patents, Osborn Nos. 3,173,601 (1965) and 3,229,876 (1966) and Williamson No. 3,098,594 (1963).[6]

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3. Burr & Davis No. 843,579 ("Means For Holding and Detaching Ribbon Strip Labels") (1907); Ingram No. 1,704,044 ("Dispensing and Severing Device for Rolled Strip Material") (1929); Beloud No. 2,361,528 ("Device to Sever Paper Sales Tax Slips") (1944); Williamson No. 3,098,594 ("Container For Shipping, Storing and Dispensing Sheet Material in Predetermined Lengths") (1963); Osborn No. 3,173,601 ("Dispensing Sheet Material in Predetermined Lengths") (1965); Osborn No. 3,229,876 ("Dispensing Sheet Material in Predetermined Lengths") (1966).

4. Burr & Davis No. 843,579; Ingram No. 1,704,044; Beloud No. 2,361,528.

5. Burr & Davis No. 843,579; Williamson No. 3,098,594; Osborn No. 3,173,601; Osborn No. 3,229,876.

6. None of these references was cited by the examiner, who relied instead upon four less pertinent patents. Borden No. 2,221,213 (1940) discloses a dispenser permitting the user to tear off a piece of any length desired from a roll of adhesive tape. Burcz No. 3,007,619 (1961) discloses a similar dispenser for thick tapes that are difficult to tear, such as plastic electricians' tape. Kunsch No. 3,088,640 (1963) is a variation of the standard aluminum foil box, having several large teeth on the cutting edge so that foil may

Burr & Davis No. 843,579 ("Means for Holding and Detaching Ribbon Strip Labels") discloses a rolled ribbon, divided into individual labels by perforated lines, wound inside the machine. The perforated cloth strip is pulled out and down over a frame or flange causing the perforations to tear, beginning in the center of the perforation, until a single label is separated.[7] The outer casing or cover of the device has an inward curve over the flange that exposes a tongue-shaped portion of the succeeding label resting on the flange. By pulling this exposed tongue out and down over the flange, the next user may detach a label with a single motion. Burr & Davis cuts from the center rather than at the sides, and the next ticket, though exposed, does not protrude. But cutting at the sides and protrusion are found in Beloud No. 2,361,528, a dispenser described as

> leaving a portion of the next section of the material visible and accessible, in order to allow the operator to withdraw the material to the desired position which will permit a section to be separated from the main body of the material and to repeat the operation at will.

Under the "Baggie" patents, a rolled sheet of bags or plastic, divided by perforations, is drawn from a container

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be either torn off or perforated, or both, at any intervals desired. German Application Disclosure No. 1,218,492 (German Federal Republic 1966) discloses a device for separating punched data processing tape and at the same time marking the direction in which the tape is traveling.

7. The district court found that Burr & Davis No. 843,579 "does not disclose a flange for temporarily arresting movement of the ticket tongue that is directed in the feeding of the strip as specified in" the Ehrlund patent. Whether or not any portion of the projecting separation edge of the Burr & Davis device is called a "flange," the Burr & Davis patent discloses a guiding means that arrests the tape, allowing separation. Similar semantic distinction clouded the district court findings as to Beloud No. 2,361,528 and the "Baggie" patents, all of which disclose arresting mechanisms.

across a cutting edge having a vertically projecting section at the center. When the perforated line is pulled over this projection or flange, the perforations tear and the forward motion of the next bag is arrested by the flange. Continued pulling completes the separation. The patent description specifies that after each bag is removed its successor protrudes:

> During the act of severance, some small distortion of the sheet material takes place whereby the severed portions thereof on opposite sides of the arresting tab extend outwardly and the corner extremities are supported upon the angular edges of the guide tabs and thus restrained against dropping within the container and out of reach. In this manner the material of the roll (or otherwise packaged material) remains available for convenient grasping whereby withdrawal and severance of the next successive length may be accomplished.

Appellant argues that the Baggie device requires the user to lift the next bag over the projecting flange before it can be removed. This problem could be solved by curving or angling the line of perforations between bags to produce one or more tabs or tongues. Appellant recognizes that "[a] major difference between this prior art and the claims of the Turn-O-Matic patent is the construction of the ticket strip recited in the Turn-O-Matic claim."

Because the description of the ticket strip is found in the preamble rather than in the body of the claims of the Ehrlund patent,[8] the parties debate whether it is an element

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8. Claim 1 of the Ehrlund patent, for example, reads:

> A device for tearing off pieces of the same predetermined length from a roll of fed flexible strip, *said strip having punched lines forming tongues equally spaced along said strip with their spacing equal to said predetermined length and*

of the combination claimed by Ehrlund.[9] It is unnecessary to resolve the issue. Based on the record before us, the essentials of the strip's construction are in any event old in the art. Suk No. 1,575,081 (1926) claims:

> A record strip comprising a signal [sic] oblong length of flexible fibrous material having equally spaced portions thereof scored transversely to provide a series of detachable sections, the scoring between adjacent sections extending along an irregular shaped line so that each section upon detachment will have at one end a projecting tongue.

Appellees contend the Ehrlund device meets the not "obvious" standard because the combination of old elements is "synergistic", i.e., "result[s] in an effect greater than

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> *directed in the feeding direction for said strip, whereby the portion of each tongue which is firmly connected to the remainder of the strip is perpendicular to the longitudinal direction of the strip,* said device comprising a casing for said strip roll, said casing having side walls and an open top, a cover pivotally connected to said casing and closing said top, said cover having an outwardly extending portion, another portion integral with the first-mentioned portion and extending in a downwardly direction relatively to the cover, said casing having a portion extending substantially parallel to the first-mentioned portion but spaced therefrom to form a gap for the passage of the strip out of the casing, a flange for temporarily arresting movement of said tongue integram with the third-mentioned portion and extending close to the second-mentioned portion but spaced therefrom to form a gap for the continuing passage of the remainder of the strip, and tear-off portions on either side of said flange connecting the base of said flange to the side walls of the casing arranged for the cut-off to the remainder of the strip.

(Emphasis added.)

9. *Marston v. J. C. Penney Co.*, 353 F.2d 976, 986 (4th Cir. 1965); *Stradar v. Watson*, 244 F.2d 737, 741 (D.C. Cir. 1957); *Kropa v. Robie*, 187 F.2d 150 (C.C.P.A. 1951). Appellant comes close to arguing that the tape is part of the claimed combination for the purpose of determining validity but not for the purpose of determining infringement, a position forced upon them by the fact that appellees did not manufacture or distribute the tape itself.

the sum of the several effects taken separately." *Anderson's Black Rock v. Pavement Co.*, 396 U.S. 57, 61 (1976). Appellees cite the following exchange with their expert witness:

> Q. In your opinion, does the device of the patent produce a synergistic result?
>
> A. Yes, it does, indeed. As I have already described it, it permits several things to happen at the same time. That is it permits a ticket, a single ticket, to be dispensed with one hand without moving parts other than the ticket strip itself in the casing, and in such a way that the next ticket is not touched by the person who pulls off the previous ticket, or anyone else for that matter."

This description accurately mirrors Borden's 1940 patent (No. 2,221,213) for a simple cellophane tape dispenser, cited as prior art by the patent examiner.

The Ehrlund combination is an improvement over previous devices in this field, "perhaps producing a more striking result," *Sakraida v. Ag Pro Inc., supra,* 425 U.S. at 282. But it does not reflect the application of a new principle or the achievement of a surprising or unexpected result required to satisfy the severe test for patentability of a new combination of elements old in the art.

The projecting flange temporarily arrests the movement of the tape, separates the tongue from the tape, and guides the tongue horizontally toward the user as in Burr & Davis, the cutting edge severs the tape at the sides as in Beloud, the tongue of the succeeding ticket serves as a handle for the next user to grasp as in Suk, the elements combine to permit a single segment of the tape to be dispensed with a one-step pulling operation, without moving parts, as in Burr & Davis and the Baggie structure.

As we said in *Kamic-Autokomfort v. Curasian Automobile Products, supra,* 553 F.2d at 609, quoting our earlier

decision in *Rex Chainbelt Inc. v. Harco Products, Inc.*, 512 F.2d 993, 1000 (9th Cir. 1975): "What we have here is: 'an improved product but not an innovatively different one . . . [W]e see the development and refinement of an old concept . . . but not an inventive or new approach to the problem.'"

The commercial success of the Ehrlund device "cannot fill the gap." *Exer-Genie, Inc. v. McDonald*, 453 F.2d 132 (9th Cir. 1971). *See SSP Agricultural Equipment, Inc. v. Orchard-Rite, Ltd., supra*, 592 F.2d at 1101.

II.

Trademark Infringement and Unfair Competition

The district court's holding that appellant's use of the name Take-A-Turn infringed appellees' registered Turn-O-Matic trademark and that appellant had engaged in unfair competition by "palming" off appellant's dispenser as that produced by appellee are factually and legally unassailable.

Appellant was a distributor of appellees' Turn-O-Matic ticket dispenser in an assigned territory for over seven years. He became dissatisfied with the relationship. When appellee introduced its new dispenser based upon the Ehrlund patent, appellant set about to copy it. In less than a month he had obtained quotations for the manufacture of a like dispenser from a producer of plastic products. He continued to distribute appellees' Turn-O-Matic until his dispenser became available. About a year later appellant began distributing his dispenser under the name Take-A-Turn. Appellant's dispenser is virtually identical with appellees' Turn-O-Matic in operation, and is almost indistinguishable in appearance, even to the distinctive red color and the location and type-style of the trade name. Appel-

lant's advertising brochure for Take-A-Turn was copied from appellees' Turn-O-Matic brochure. Appellant employed the same stock number he had previously used in the sale of Turn-O-Matic dispenser and parts. He sold the Take-A-Turn dispenser in the same territory in which he had previously sold the Turn-O-Matic, and to the same customers. Customers ordered Turn-O-Matic by name but were delivered Take-A-Turn.

Appellees' evidence fully supported the district court's findings that appellant's Take-A-Turn trademark was likely to and did cause confusion, mistake, and deception as to the origin of the dispenser, that the appearance of appellees' dispenser, copied by appellant, had acquired a secondary meaning identifying appellant as its source, and that appellant deliberately intended to pass his goods off as those of appellee. As a matter of hornbook law, these facts established both trademark infringement and unfair competition.

Appellant argues that "Turn-O-Matic" is descriptive of the use of appellees' dispenser and is therefore a "weak" mark. Appellees respond that the mark has become "incontestable" under 15 U.S.C. § 1065, and therefore cannot be challenged on the ground that it is descriptive. Appellant answers that he is not challenging the validity of appellees' mark but is asserting that because of the weakness of the mark there is no likelihood of confusion. The short answer is that even if this factor had the probative tendency appellant suggests, it was overwhelmed by appellees' evidence that confusion was likely, intended, and occurred.

Appellant argues that because the name "SGT Enterprises" (under which Tveter conducted business) was printed on appellant's dispenser there could have been no confusion as to source. Although proper labeling will usu-

ally preclude confusion, *see American Rolex Watch Corporation v. Ricoh Time Corp.*, 491 F.2d 877, 879 (2d Cir. 1974); *Bose Corp. v. Linear Design Labs, Inc.*, 467 F.2d 304, 310 (2d Cir. 1972), the overwhelming evidence in this instance is that confusion did occur. Appellant cites *West Point Manufacturing Co. v. Detroit Stamping Co.*, 222 F.2d 581 (6th Cir. 1955), but in that case the court found the labeling was in fact sufficient "to avoid confusing the public as to the producer or the source of the product." *Id.* at 596. The court recognized that "when the imitation is likely to deceive prospective customers who care about source . . . the imitator is guilty of unfair competition." *Id.*

Appellant was known in the trade as a distributor of appellees' product. Under such circumstances, the addition of his own label "is an aggravation and not a justification." *Menedez v. Holt*, 128 U.S. 514, 521 (1888); *see A. T. Cross Co. v. Jonathan Bradley Pens, Inc.*, 470 F.2d 689, 692 (2d Cir. 1972).

There was evidence that appellees used the mark 'Turn-O-Matic" on their earlier dispenser together with the words "Patent Pending" when no patent application on this dispenser was in fact pending. Appellant argues that this misuse bars judicial enforcement of appellees' trademark rights. But "misconduct in the abstract, unrelated to the claim to which it is asserted as a defense, does not constitute unclean hands." *Republic Molding Corp. v. B.W. Photo Utilities*, 319 F.2d 347, 349 (9th Cir. 1963). "What is material is not that plaintiff's hands are dirty, but that he dirtied them in acquiring the rights he now asserts, or that the manner of dirtying renders inequitable the assertion of such rights against the defendant." *Ibid.* No relationship is suggested between appellees' asserted misuse and the acquisition of appellees' trademark rights; no other

reason, arising out of the misuse, is advanced that would make it inequitable to enforce those rights.

Appellant argues that since appellees' dispenser was not patentable, appellant had a right to copy it in light of *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964). Under the rule of these decisions, however, copying may constitute evidence which, when accompanied by proof of confusion as to source or deliberate palming off, as in this case, may support a cause of action for unfair competition upon which appropriate relief may be founded. *Compco Corp., supra,* 376 U.S. at 238.

III.

Remedy

The judgment and the injunction issued pursuant to the judgment must be modified in light of our decision that the Ehrlund United States Patent 3,885,724 is invalid; that the trademark "Turn-O-Matic" is valid and infringed by the mark "Take-A-Turn"; that the configuration of appellees' dispenser has acquired a secondary meaning reflective of its source, and that appellant has engaged in unfair competition by passing off appellant's dispenser as originating from the same source as appellees' dispenser. These adjustments are best left initially to the district court, but it may be helpful to comment upon two matters.

First, it is clear from the decisions in *Sears, Roebuck & Co. v. Stiffel Co., supra,* and *Compco Corp. v. Day Brite Lighting, Inc., supra,* that an injunction against copying the configuration of appellees' dispenser cannot be based upon California unfair competition law. This does not, however, preclude an injunction under state law that will

prevent the palming off of appellant's product as that of appellees, nor an injunction requiring that appellant's product "be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source." *Sears, Roebuck & Co., supra,* 376 U.S. at 232. *See generally,* Cal. Civ. Code § 3369, *Tomlin v. Walt Disney Productions,* 18 Cal. App. 3d, 226, 231-235, 96 Cal. Rptr. 118, 120-123 (Ct. App. 1971); *Components for Research, Inc. v. Isolation Products, Inc.,* 241 Cal. App. 2d 726, 730-731, 50 Cal. Rptr. 829, 832 (Ct. App. 1966).

The more difficult question is whether *Sears* and *Compco* preclude an injunction based upon § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) against copying the exterior design insofar as it incorporates nonfunctional features and has acquired a secondary meaning. *See Truck Equipment Service Co. v. Freuhauf Corp.,* 536 F.2d 1210 (8th Cir. 1976); *American Rolex Watch Corp. v. Ricoh Time Corp., supra,* 491 F.2d at 879. The district court should reconsider this question free of the distracting assumption that an injunction against copying appellees' device was in any event justified because of infringment of the Ehrlund patent. Even if such an injunction would not be barred by *Sears* and *Compco,* it could not be so broadly drawn as to preclude appellant from using a circular casing to enclose the circular roll of tickets, a common and essentially utilitarian feature of tape dispenser designs. *See Application of Honeywell, Inc.,* 532 F.2d 180, 182-83 (USCCPA 1976).

Second, the provision of the injunction requiring appellant to deliver up for impoundment and destruction device and materials infringing the Ehrlund patent or the "Turn-O-Matic" trademark will require reconsideration and modification for the same reasons. In addition, however,

appellant contends this provision exceeds the pretrial stipulation of the parties that "[o]nly the remedy of injunction is sought." Appellant objects on similar grounds to the requirement that appellant notify future customers that he does not sell products under the marks "Turn-O-Matic" and "Take-A-Turn." But orders for impoundment or destruction and for issuing remedial notices are no less injunctive because they impose affirmative requirements to act. Neither provision imposes liability "for damages, costs, and attorney's fees" in contravention of the parties' agreement.

U.S. Letters Patent No. 3,885,724 is declared invalid. The judgment and injunction are vacated and the cause remanded for further proceedings consistent with this opinion.

Appendix B

United States Code, Title 35—Patents

Section 103. Conditions for patentability; non-obvious subject matter.

A patent may not be obtained though the invention is not identically disclosed or described as set forth in Section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

APPENDIX C.

Opinion.

United States District Court, Northern District of California.

AB Turn-o-matic & Scandus, Inc., Plaintiffs, v. Sven Tveter & SGT Enterprises, Defendants. Civil Action No. C-75-1097CFP.

AB Turn-o-matic, Plaintiffs, v. Henry Nakagawa, et al, Defendants. Civil Action No. C-75-1844CFP.

Filed: April 29, 1977.

Magistrate's Determination and Order.

Defendants' Objections to Magistrate's Findings and Recommendations, having been referred to Magistrate Woodruff in view of the Order Setting Trial filed October 28, 1976 which was stipulated to by the parties and which provides that the findings and conclusions reached by Magistrate Woodruff shall be the findings and conclusions of this court and shall be adopted by this court and having come on for hearing before the Magistrate April 26, 1977 and the Magistrate having been apprised of the matter and having considered the briefs and argument of counsel for both parties, it is

Recommended:

Defendant's Objections to Magistrate's Findings and Recommendations be denied with the exception that:

1. Finding of Fact #92 be deleted;
2. Conclusion of Law #85 shall be changed so that each subparagraph "(a)" shall read:

"from further manufacture, use or sale of the TAKE-A-TURN dispenser found to be infringing.";

3. Conclusion of Law #86 shall be changed so that subparagraphs "(a)" and "(b)" shall read:

"a) defendants be required to deliver up to the U.S. Marshall of this court for impounding under the court's control all of the devices infringing U.S. Patent No. 3,885,724 and all TAKE-A-TURN ticket dispensers and the molds therefor and then for destruction upon the judgment in this case becoming final. If the court of last resort determines that any or all of the impounded goods shall be returned to defendants, the Marshall shall return the goods to defendants as so determined; otherwise, on notification through the attorneys for both parties that the judgment is final, the Marshall shall destroy the goods."

"b) defendants be required to deliver up to the U.S. Marshall of this court for impounding all devices, literature, advertising and other material bearing the TAKE-A-TURN mark or any trademark which closely simulates plaintiffs' mark TURN-O-MATIC, or which otherwise unfairly compete with plaintiffs and then for destruction upon the judgment in this case becoming final. If the court of last resort determines that any or all of the impounded goods shall be returned to defendants, the Marshall shall return the goods to defendants as so determined; otherwise, on notification through the

attorneys for both parties that the judgment is final, the Marshall shall destroy the goods."

April 29, 1977.

OWEN E. WOODRUFF, JR.
United States Magistrate

United States District Court, Northern District of California.

AB Turn-o-matic, et al, Plaintiffs v. Sven Tveter, et al, Defendants. No. C-75-1097 CFP.(& companion action C-75-1844 CFP).

Date Lodged: March 8, 1977.

Magistrate's Findings.

These two related cases which were consolidated for trail have been referred to the Magistrate's Court by the Hon. Cecil F. Poole to conduct an evidentiary hearing as to all issues and at the completion thereof to make recommendations as to appropriate findings of fact and conclusions of law.

Trail commenced on Monday, November 29, 1976 and continued intermittently through Wednesday, January 26, 1977.

The Magistrate having heard the evidence in the case and having reviewed the files makes the following general observations:

The device in question is a machine which enables the user to pull a numbered ticket from a container and in this fashion establish his position in sequence. There are a variety of machines working on several different principles which enable the user to take a single ticket with a number on it. Some devices have a handle that cuts the ticket off, others have a pull and tear procedure.

Plaintiff invented a machine of the latter variety which he called the TURN-O-MATIC. The defendant Sven Tveter worked as a sales representative for the plaintiff selling plaintiffs' patented device in an area generally west of the Mississippi River.

In the course of events plaintiff and

defendant came to a parting of the ways and within approximately thirty days thereafter the defendant brought out on the market a competing machine which he gave the name TAKE-A-TURN.

From my study of the evidence and after hearing the witnesses testify I am satisfied that the defendant Sven Tveter went to Henry Nakagawa and had Nakagawa duplicate the plaintiff's machine. Thereafter defendant Sven Tveter openly sold this copy as his own all to the detriment of the plaintiff.

In brief summary this is what the case is all about and this is the way I see the evidence. I directed counsel for both sides to prepare findings of fact and conclusions of law supported by record references to the transcript. Having heard their final arguments and having reviewed their proposed findings and conclusions, I recommend that the Court adopt the proposed findings of fact and conclusions of law as submitted by the plaintiff. (TAB A) Defendant's proposed findings and conclusions which I reject are attached. (TAB B)

Respectfully submitted,

OWEN E. WOODRUFF, JR.
United States Magistrate

Dated: March 8, 1977.

United States District Court, Northern District of California.

AB Turn-O-Matic, et al, Plaintiffs, v. Sven Tveter, et al, Defendants. No. C-75-1097 CFP.

AB Turn-O-Matic, Plaintiff, v. Henry Nakagawa, et al, Defendants. No. C-75-1844 CFP.

Findings of Fact and Conclusions of Law.

This action having been tried upon the facts by the Court without a jury, the Court does hereby find the facts and states its conclusions of law thereon, as follows:

FINDINGS OF FACT.

A. Nature of the Actions.

1. The first of these actions was brought by plaintiff AB Turn-O-Matic and Scandus Inc. charging Sven Tveter and SGT Enterprises among other things with infringement of U.S. Letters Patent No. 3,885,724; infringement of the trademark "TURN-O-MATIC" registered with the United States Patent Office, No. 776,575 and registered with the Secretary of State of the State of California, No. 53020 and unfair competition under Federal and California law. Defendants answered denying infringement and unfair competition and asserted affirmative defenses and a counterclaim. (PT. O. pg. 2-3)*.

* Reference will be made to the record by page as "pg.", by line as "ln.", by paragraph as "¶", as "PT.O." for the Pre Trial Order, by the witness' name followed by the page of the trial transcript for recorded testimony, as "Pl. Ex." for plaintiffs' exhibit and as "Def. Ex." for defendants' exhibit.

2. Subsequently, plaintiff AB Turn-O-Matic brought an action against Henry Nakagawa and Industrial Plastic Products, Inc. for infringement of U.S. Letters Patent 3,885,724. These defendants answered denying infringement and asserted affirmative defenses (PT. O. pg. 4).

3. The separately filed actions were consolidated for trial by stipulation. The parties amended the pleadings to dismiss with prejudice causes of action and counterclaims other than those referred to above, and prayers for damages, costs and attorney fees. As a result, the trial was limited to the issues of patent validity and infringement, trademark validity and infringement and unfair competition, and only the remedy of injunction was sought. (Pt. O. pg. 4).

B. The Parties

4. Of the plaintiffs, AB Turn-O-Matic is a Swedish corporation having its principal place of business in Sundbyberg, Sweden, and Scandus, Inc., is a California corporation having its principal place of business in Mountain View, California (hereinafter sometimes "Scandus"). (Pt.O.pg. 5 ¶s 2-3). Turn-O-Matic has a Swedish subsidiary, export corporation, AB Scandus (Ericson pg. 577 lns. 7-16).

5. Of the defendants, Sven Tveter is an individual residing in Saratoga, California, and is doing business as SGT Enterprises in Santa Clara, California (hereinafter sometimes "Tveter"), and Henry Nakagawa (hereinafter sometimes "Nakagawa") is an individual residing in San Carlos, California, and is President of Industrial Plastic Products, Inc., a California corporation having its principal place of business in San Carlos,

California which is doing business as Prodeco (hereinafter sometimes "Prodeco"). (Pt.O. pg. 5, ¶s 4-5).

C. Marketing of the TURN-O-MATIC Products.

6. Plaintiff, AB Turn-O-Matic has, since at least the early 1960's, been, and presently remains, in the business of marketing in the United States a waiting customer numbering system. (Ericson, pgs. 576-577).

7. Between 1963 and January, 1973, AB Scandus was the marketing arm for the products of AB Turn-O-Matic in the United States. (Pt.O. pg. 5 ¶ 6). In January, 1973, Scandus, Inc. became exclusive marketing agent and representative of AB Scandus and thus AB Turn-O-Matic in the United States. Stig Ericson, who had served as a consultant to AB Scandus from 1963 to 1973, is President of Scandus, Inc. (Pt.O. pg. 6 ¶ 7; Ericson, pg. 576 ln. 28-pg. 577 ln. 13).

8. The waiting customer numbering systems of AB Turn-O-Matic are designed for use at sales and service counters to dispense sequentially numbered tickets to customers to determine the order of service of the customer. The products of this numbering system include the ticket dispensers, strip rolls of sequentially numbered tickets, and a number indicator for showing the number of the customer being waited on. (Ericson pg. 577 ln. 7-21; Pl. Exs. 7B, 8, 10, 13, 23B, 42, 42A).

9. In its customer numbering system from 1963 up to 1974, AB Turn-O-Matic was marketing first through AB Scandus and then through Scandus, Inc. a ticket dispenser which is now designated the

"Classic" model dispenser. (Pt.O. pgs. 6 ¶8; Pl. Ex. 7B). The "Classic" ticket dispenser was and is regarded as a reliable ticket dispenser; there are more TURN-O-MATIC "Classic" model dispensers on the market than any of the other hand operated ticket dispensers. (Ericson, pg. 585 ln. 15 - pg. 586 ln. 18; Graham, pg. 417 lns. 8-19). However, the "Classic" was constructed of a rather larger number of parts, i.e., forty-six different plastic and metal parts. (Ericson, pg. 595, lns. 1-6). Also, when "Classic" model tickets were used in that dispenser, jamming of the tickets occasionally occurred as they were pulled from the dispenser. (Ehrlund, pg. 105 lns. 5-10). The construction of the "Classic" ticket dispenser is disclosed in British Patent No. 841,034. (Ehrlund, pg. 115, ln. 20 - pg. 116, ln. 3).

10. In the use of the TURN-O-MATIC "Classic" customer numbering system, the customer grasped an exposed portion of the leading ticket of a roll of tickets contained in the dispenser. On the roll transverse perforations equally spaced along the length of the strip roll defined the separate tickets. (Ehrlund, pg. 231 lns. 1-15). A notch at the corner of each ticket cooperated with a latch mechanism in the "Classic" dispenser so that after each ticket had been pulled from the dispenser, the latch mechanism would hold back the ticket strip beginning with the next ticket so that continued pulling action on the lead ticket would cause the ticket to tear from the remaining strip. (Ehrlund, pg. 104 lns. 7-10, pg. 231 ln. 16 - pg. 232 ln. 2; Pl. Exs. 7B, 8, 106). The number on the torn ticket in the sequence of

numbers on the tickets in the roll would establish the order of service or the customer. As service for each customer at the counter was completed, the service person would advance the number showing on the number indicator, usually hanging on the wall, thereby indicating the number of the person next in order for service. (Ericson, pg. 579 ln. 7 - p. 580 ln. 7; Pl. Exs. 8, 42, 42A).

11. AB Turn-O-Matic has identified its business and products to the public by the trade name and trademark "TURN-O-MATIC", and AB Turn-O-Matic presently so identifies itself and its products. (Ericson, pg. 577 ln. 22 - pg. 578 ln. 22, Pl. Exs. 7B, 10, 10B, 11, 12, 13, 42, 42A, 106).

12, The "Classic: model ticket dispenser, the tickets for the "Classic" model dispenser and the indicator used with the "Classic" model dispenser were all sold and distributed under the trademark "TURN-O-MATIC". The trademark "TURN-O-MATIC" is actually embossed on the front of the "Classic" ticket dispenser, is printed on the tickets for the "Classic" dispenser and is printed on the face of the number indicator. (Pt.O. pg. 6 ¶ 9; Ericson pg. 577 ln.22 - pg. 578 ln. 22; Tveter pg. 826 lns. 9-12; Pl. Exs. 7B, 106, 42, 42A).

13. AB Turn-O-Matic and Scandus, Inc. through continuous sales of customer numbering systems for over ten years and promoting the sales and advertising of their products including the ticket dispensers, ticket strips, and number indicators at trade shows have made the trademark and trade name known to the public. (PT.O. pg. 6 ¶s 8-9); Ericson pg. 589 ln. 2 - pg. 590 ln. 8). As a result, "TURN-O-

MATIC" has become distinctive of AB Turn-O-Matic's goods in commerce within the United States and commerce within California, and has come to be understood and is understood to refer to ticket dispensers, indicators, and ticket strips therefor originating with AB Turn-O-Matic as distinguished from goods from other sources. (Ericson, pg. 600 lns. 12-23; Graham pg. 417 lns. 8-19; Baxter, pg. 973 lns. 13-16). Several customers associated the "TURN-O-MATIC" trademark and products with Sweden and Scandus (Graham, pg. 414 ln. 28 - pg. 415 ln. 2; Robb, pg. 313 lns. 7-15).

14. Plaintiff AB Turn-O-Matic first registerd the "TURN-O-MATIC" trademark in the United States on September 8, 1964 when United States Trademark Registration No. 776,575 issued on "TURN-O-MATIC" for apparatus for dispensing tags. This mark is valid, uncancelled and has not been abandoned. The provisions of 15 USC §1051 et seq. have been fully met for the establishment of incontestable rights in the trademark "TURN-O-MATIC". (Pl. Ex. 2). AB Turn-O-Matic also obtained United States Trademark Registration No. 1,051,234 for "TURN-O-MATIC" as applied to tickets. (Pl. Ex. 155). AB Turn-O-Matic has also registered its trademark "TURN-O-MATIC" in the State of California as No. 53020 issued April 14, 1975 for tickets. (Pl. Ex. 3; PT.O. pg. 8 ¶s 20-21).

15. Beginning in about 1963, first as an employee and then as a shareholder, Tveter was associated with a distributor of AB Scandus for the sale and distribution in part of the United States of TURN-O-MATIC products, namely the

"Classic" model ticket dispensers, the ticket strips therefor, and number indicators. (Pt.O. pg. 6 ¶ 10).

16. In about 1967, Sven Tveter, doing business as SGT Enterprises, began on his own behalf to distribute the TURN-O-MATIC "Classic" model dispensers, ticket strips therefor and number indicators for AB Scandus, and on September 12, 1967 a Distributorship Agreement was entered into between AB Scandus and Tveter wherein and whereby Tveter became an exclusive distributor of TURN-O-MATIC ticket dispensers, number indicators and tickets in a specified territory. (PT.O. pg. 6 ¶ 11).

17. Sven Tveter continued to act as distributor for TURN-O-MATIC customer numbering systems in the Western United States from 1967 until he terminated his distributorship agreement by a letter dated January 8, 1975 sent to AB Turn-O-Matic in Sweden, indicating that the distributorship agreement was terminated effective January 10, 1975. (Tveter, pg. 712 lns. 17-21, p. 727 lns. 16-19).

18. During the period of 1965 to January, 1975, the TURN-O-MATIC products were handled in the United States by a few national distributors (Ericson, pg. 580 ln. 8 - pg. 581 ln. 8) who typically sold the TURN-O-MATIC products by sales to sub-distributors and direct sales to retail customers including retail store outlets of nationwide chain stores where the products were used, such as Baskin-Robbins Ice Cream Stores, Sears Roebuck & Company, Montgomery Ward, and independent retail stores such as bakeries, hardware and auto supply stores. (Ericson, pg. 586 lns. 9-18, p. 589 ln. 18 - pg. 591 ln. 8).

19. Sven Tveter included the trademark "TURN-O-MATIC" in the heading on his price lists and invoices and listed his business phone in the white pages of the telephone book under the name "TURN-O-MATIC Tickets and Equipment". (Ericson, pg. 586 ln. 19 - pg. 587 ln. 16; Pl. Exhs. 156, 136, 138).

20. Tveter's customer/distributor Vern Baxter as well as purchase orders themselves show that customers would order tickets by referring to the "TURN-O-MATIC" trademark (Baxter, pg. 977 ln. 27 - pg. 978 ln. 3; Pl. Exs. 129-D, E, G, H, I, O, P, R, S, T, V). As Tveter and SGT Enterprises had long been distributors of "TURN-O-MATIC" products, users of these products were accustomed to contact SGT for service and supplies for "TURN-O-MATIC" numbering systems. (Emanuel, pg. 291 lns. 5-13, pg. 297 lns. 17-24; Robb, pg. 390, lns. 16-19, pg. 395 ln. 18-24; pg. 398 lns. 13-16).

D. Development and Introduction of the Mark II Dispenser and Tickets.

21. In late summer 1971, Ake Ehrlund, an independent designer of point of sale display products in Sweden (Ehrlund, pg. 89 ln. 11 - pg. 92 ln. 12), invented an improved ticket dispenser device and ticket strip therefor incorporating novel and unique features. (Ehrlund, pg. 103 ln. 24 - pg. 109 ln. 18). AB Turn-O-Matic later acquired rights to this invention (Ehrlund, pg. 154 ln. 15 - pg. 155, ln. 10; Pl. Exs. 34, 36) which was placed in a uniquely shaped housing (Ehrlund, pg. 122 ln. 14 - pg. 124 ln. 24; Pl. Ex. 35, 90D, 10), and AB Turn-O-Matic subsequently introduced the product in the United States as its improved TURN-O-MATIC dispenser. Plaintiff has referred to this dispenser as the "Mark II" model. (Ericson, pgs. 592-

593; Pl. Exs. 10, 130, 131).

22. While waiting in a shop in Sweden, Ake Ehrlund had observed the operation of a TURN-O-MATIC "Classic" model ticket dispenser, and noticed the dispenser jam on several occasions when patrons appeared to be pulling the ticket to the right as the ticket was being pulled from the dispenser. Upon returning home, Ake Ehrlund began experimenting with different ticket strips and strip dispensing mechanism in order to design a better ticket dispenser than the "Classic" model. (Ehrlund, pg. 100 ln. 2 - pg. 101 ln. 3, pg. 103 ln. 24 - pg. 109 ln. 18).

23. Ake Ehrlund began with a ticket strip provided with a central hole or cut-out to engage a stopping mechanism for the remainder of the ticket strip. (Ehrlund, pg. 105 lns. 10-27; Pl. Ex. 88B). To avoid the necessity and problems attendant to actually removing a portion of the ticket to make an opening for a stopping mechanism, he experimented with a ticket where a central portion or flap was punched out but not removed. (Ehrlund, pg. 105 ln. 21 - pg. 106 ln. 6; Pl. Ex. 88C). The intended direction of travel for the strip was with the free end of the punched out portion or flap trailing so that the ticket portion adjacent the trailing end of the flap would engage the stopping mechanism. (Ehrlund, pg. 106 lns. 1-16; Pl. Ex. 88C). In experimenting with the latter ticket construction and by accident, he happened to run the ticket strip backward over the edge of a table, and in doing so, he noticed how the punched portion continued in the original direction before it was forced to follow the new direction. (Ehrlund, pg. 106 ln.

21 - pg. 107 ln. 3). He pulled the strip backwards over the corner of a table and found he could have the lead flap or ticket hanging under the succeeding flap or ticket, and as he continued to pull downwards, the lead ticket would be torn off. (Ehrlund, pg. 107 lns. 4-15). He realized that in his dispenser he would have to guide the succeeding flap downwards, or people using his dispenser would pull the strip out straight where it would not tear off. (Ehrlund, pg. 107 ln. 23 - pg. 108 ln. 2). He then realized he had discovered something totally new for a ticket dispensing structure with no moving parts. (Ehrlund, pg. 106 ln. 14 - pg. 107 ln. 19, pg. 115 lns. 5-11, pg. 111 lns. 1-12). He worked out a guidance structure with a casing tongue member and a downwardly extending cover protion to cooperate with the sequential ticket tongues on the strip roll to dispense individual tickets in a one hand, one step pulling operation in which the end ticket is separated from the strip roll leaving the ticket tongue of the succeeding ticket protruding from the dispenser ready to pull the next ticket. (Ehrlund, pg. 107 ln. 20 - pg. 108 ln. 2, pg. 109 ln. 1 - pg. 110 ln. 15).

24. Ake Ehrlund built a number of working models of ticket dispensers incorporating the new punched ticket strip and dispensing structure (Ehrlund, pg. 107 ln. 20 - pg. 110 ln. 22; Pl. Ex. 89) and then initiated a patent application in Sweden which was filed January 26, 1972. (Ehrlund, pg. 116 lns. 9-19; Pl. Ex. 1A; Pt.O. pg. 7 ¶12). Figures 1 and 2 of the application actually illustrate one of Mr. Ehrlund's models which operated to dispense tickets (Ehrlund, pg. 109 lns. 1-18;

Pl. Exs. 1, 1A, 89).

25. Mr. Ehrlund made additional models of his dispenser and ticket strip (Ehrlund, pg. 110 ln. 25 - pg. 111 ln. 17, pg. 112 ln. 16 - pg. 114 ln. 10, pg. 114 ln. 22 - pg. 115 ln. 4, pg. 119 ln. 2 - pg. 120 ln. 11; Pl. Exs. 89, 37-41) and began negotiations with AB Turn-O-Matic for marketing his invention. (Ehrlund, pg. 118 lns. 16-23). Before completing an arrangement with AB Turn-O-Matic, Mr. Ehrlund contracted with a design firm named A&E Design to finalize the aesthetic design of the ticket dispenser and to provide him with a drawing and solid model showing how the final product should look. (PT.O. pg. 7 ¶13; Ehrlund, pg.123 ln., 14 - pg. 124 ln. 21; Pl. Exs. 35, 90D). Mr. Ehrlund had already built at least eight different models embodying his invention, all generally box-shaped. (Pl. Exs. 89, 40). After entering the contract with A&E Design, Mr. Ehrlund contracted with AB Turn-O-Matic giving them an option to acquire the Swedish and world-wide patent rights on this new ticket dispenser. (Ehrlund, pg. 124 ln. 22 - pg. 125 ln. 16; Pl. Ex. 36). A working prototype incorporating the look suggested by A&E Design was completed for Mr. Ehrlund by a model maker in Stockholm and presented by Mr. Ehrlund to AB Turn-O-Matic. The external appearance of the prototype, later incorporated in production versions, did not look like any of Ehrlund's models or any other dispenser. The appearance is not functional. (Ehrlund, pg. 129 lns. 1-18, pg. 136 lns. 3-4; Pl. Ex. 90). After receiving the working prototype, AB Turn-O-Matic acquired the world-wide rights and proceeded with production and marketing of

the new product. (Ehrlund, pg. 154 ln. 15 - pg. 115 ln. 9; Pl. Ex. 34,36).

26. From the prototype (Pl. Ex. 90, 90A) to the first production version of the "Mark II" (Pl. Ex. 140), changes were made (1) in the latch (Ehrlund, pg. 132 lns. 11-17), and (2) in one front angled side surface of the casing (Ehrlund, pg. 132 lbs. 2-10). From the first production version (Pl. Ex. 140) to the final production version (Pl. Ex. 10) additional changes were made (3) by adding a web or ridge to the cover (Pl. Ex. 140, 10, 72), (4) by adding two tabs to the cover, and (5) by adding a mating semi-cylindrical projection and recess on one side of the casing and cover, respectively. (Ehrlund, pg. 134 lns. 7-17; Pl. Exs. 72, 90A, 90C; Def. Exs. Q2, Q4).

27. A metal clip is provided on the casing flange in the "Mark II" to prevent the wearing away of the plastic by the paper ticket strip. (Ehrlund, pg. 130 lns. 6-15). At the tear-off portions on either side of the casing flange, the metal clip is about even or below the edge of the plastic. (Tveter, pg. 914 lns. 1-27; Def. Ex. Q4).

28. In early 1974, AB Turn-O-Matic through Scandus, Inc. introduced the new "Mark II" ticket dispenser into the United States market. (PT.O. pg. 7 ¶15). The first models of this dispenser were dispatched to both Scandus, Inc. and Tveter separate from a letter of announcement by AB Scandus dated January 17, 1974, (Erickson, pg. 592 ln. 9 - pg. 593 ln. 27; Pl. Exs. 10, 11, 130, 131) and successful operation of the "Mark II" dispenser and ticket strip rolls was witnessed by Erickson and Tveter in a

retail establishment in late January, 1974 (Erickson, pg. 595 ln. 19 - pg. 596 ln. 1; Tveter, pg. 716 ln. 15 - pg. 171 ln. 12).

29. In 1974, Tveter purchased the new "Mark II" dispensers and tickets therefor from Scandus, Inc. and resold these products. (PT.O. pg. 7 ¶16). For years he had used a parts numbering system for the components of the "TURN-O-MATIC" customer service system (Tveter, pg. 712, ln. 22 - pg. 713 ln. 11; Pl. Ex. 136) and he adopted the same part number for the "TURN-O-MATIC""Mark II" dispenser as he had used for the "TURN-O-MATIC" "Classic" dispenser (Tveter, pg. 713 lns. 3-19).

30. The function of the "TURN-O-MATIC" "Mark II" ticket dispenser is to dispense individual tickets to customers. The essential functional elements of the dispenser, those claimed in the Ehrlund patent, are inside the machine and not apparent in its outward appearance. The exterior shape, design and color of the "TURN-O-MATIC" "Mark II" ticket dispenser are factors which do not contribute to its performance as a machine for dispensing tickets, and thus are not functional but rather a mere arbitrary embellishment, a form of dress for the goods primarily adopted for the purposes of identification and individually.

31. The appearance of the "TURN-O-MATIC" "Mark II" dispenser is completely dissimilar from any other ticket dispenser on the market at the time of its introduction into the marketplace. (Pl. Exs. 7B, 44B, 45B, 68A, 93). Also, the appearance of the "TURN-O-MATIC" "MARK II"

dispenser is distinctively different from the appearance of the products illustrated in defendants prior art patents including the Waterman U.S. Patent 2,622,815 (Def. Ex. CD) alleged by defendants to have a similar appearance (Pl. Exs. 10, 95-103).

32. The appearance of plaintiff's TURN-O-MATIC" "Mark II" ticket dispenser has acquired a secondary meaning in the marketplace. Customers, users, dealers, distributors, and the general public have come to associate the visual appearance of the "Mark II" ticket dispenser with "TURN-O-MATIC" and plaintiff's products, particularly with the "Classic" ticket dispenser which has been sold for many years and has had an excellent reputation among its users. (Emanuel, pg. 287 ln. 1 - pg. 289 ln. 18; Burgess, pg. 300 ln. 22 - pg. 304 ln. 18; Lassen, Pl. Ex. 108, pg. 14 ln. 5 - pg. 19 ln. 1, pg. 19 ln. 22 - pg. 20 ln. 20, pg. 26 lns. 9-17; Ex. 23-B, Bogue, Pl. Ex. 116, pg. 9 ln. 6 - pg. 11 ln. 14, pg. 12 ln. 1 - pg. 13 ln. 12).

33. Both from the "Pat. Pending" notice on the TURN-O-MATIC" "Mark II" dispenser box and a letter dated February 12, 1974 from Scandus, Inc., Tveter was aware that a patent application was pending on the "Mark II" dispenser. (Ericson, pg. 593 ln. 16 - pg. 594 ln. 21, pg. 597 lns. 1-10; Tveter pg. 171 ln. 3 - pg. 718 ln. 10; Pl. Exs. 11, 47).

34. The "Mark II" ticket dispenser, since its introduction on the market, has enjoyed almost instantaneous commercial success (Ericson, pg. 596 lns. 5-11, pg. 597 ln. 24-26; Pl. Ex. 116 pgs. 8-23).

It has also received universal acclaim for its unique design and construction. It received the 1974 Design Award from the Swedish Society of Industrial Designers. (Ehrlund, pg. 158 ln. 28 - pg. 159 ln. 6; Pl. Exs. 14, 15). It has also been featured in numerous industrial design publications (Pl. Exs. 16-20, 20A-20C; Def. Ex. CI). The TURN-O-MATIC "Mark II" style dispenser and its tickets have virtually completely replaced the TURN-O-MATIC "Classic" model dispenser and tickets. (Ericson, pg. 597 ln. 27 - pg. 598 ln. 7; Tveter, pg. 748 lns. 13-28).

35. On one instance first discovered by Tveter, TURN-O-MATIC "Mark II" tickets were shipped into the United States bearing the word "Patented". Mr. Ericson telephoned Sweden and AB Turn-O-Matic could not believe such tickets had reached the United States. As decided, Ericson told Tveter not to sell those tickets. (Ericson, pg. 600 ln. 25 - pg. 602 ln. 10). Tveter's sub-distributor was told that under no circumstances were these tickets to be sold (Wagner, pg. 962 lns. 13-14). Tickets that were received in New York and San Francisco are still in storage (Ericson, pg. 636 ln. 14 - pg. 637 ln. 23). It was not established that plaintiffs marked their products with a patent notice for the purpose of deceiving the public or deceiving anyone and it was not shown that actual harm was caused to defendants or the public interest by that one shipment of tickets. The segregation of the product from channels of distribution and instructions not to sell the product actually show a lack of intent to deceive.

E. Ehrlund United States Patent Application and Patent

36. On January 24, 1973, the United States Patent application on Mr. Ehrlund's invention was filed. The application contained everything disclosed and illustrated in the original Swedish application and claimed priority to the original Swedish filing date under 35 U.S.C. §119 (Def. Ex. B). Mr. Ehrlund's plexiglass ticket dispenser (Pl. Ex. 39, 40) was also described and illustrated in Fig. 6. This structure was to the same invention as originally described and each claim in the original application and the U.S. application reads as well on the structure of Figures 1-5 as it does on the structure of Figure 6 (Ehrlund, pg. 119 ln. 24 - pg. 122 ln. 13; Pl. Exs. 1, 1A; Def. Exs. 2, V1). On February 20, 1974, a claim directed specifically to the ticket strip roll was in the application, but by requirement of the Patent Office Examiner on May 2, 1974, that claim had to be pursued in a separate application and no claim just to the ticket strip roll issued in the patent in suit. (Pl. Exs. 1, 32 pg. 26, 29, 31, 32). On May 27, 1975, the first application issued as United States Letters Patent No. 3,885,727 entitled "Device for Tearing Off Pieces of a Certain Length from a Strip", and since the latter date, AB Turn-O-Matic has been the owner of said Letters Patent. (PT.O. pg. 7 ¶14).

37. The ticket dispenser in accordance with the Ehrlund invention and patent is constructed to dispense the end ticket from a strip roll that has punched lines equally spaced apart along the length of the strip forming flaps

or ticket tongues directed forward in the feeding direction for the strip. The dispenser has a casing provided with a portion or second guidance means to guide the strip, a flange or separation unit also called a casing tongue, and tear-off or cut-off means on both sides of the casing tongue connecting the base of the flange or separation unit to the side walls of the casing. A cover connected to the casing is provided with a first guidance means in the form of an outwardly extending first portion and a downwardly extending second portion with the cover first guidance means spaced from the casing second guidance means to pass the strip. The flange or separation unit has a trapezoid shape corresponding to the shape of the bottom part of the ticket tongue. The ticket strip comes off the roll, is guided over the casing tongue in contact with the side connecting means and extends downward between the end of the flange and downwardly extending portion. A pull on the exposed flap or ticket tongue at the end of the ticket strip advances the ticket strip along a predetermined path such that the lead portion of the succeeding ticket is carried out and down and then the succeeding ticket tongue is guided along one path and the remainder of the leading ticket along another path so that the pulled ticket is torn off at the sides of the flange or casing tongue leaving the flap or ticket tongue of the succeeding ticket carried beyond the end of the casing tongue or flange and down ready to be pulled for the next ticket. (Ehrlund, pg. 143 ln. 26 - pg. 154 ln. 23; Chilton, pg. 461 ln. 1 - pg. 463 ln. 10; Pl. Exs. 1, 10, 69A-69C, 70). The in-

vention of the Ehrlund dispenser produces a synergistic result. (Chilton, pg. 468 lns. 8-18).

38. The flange in the Ehrlund invention performs several functions. It serves as a guidance means for the ticket strip; it serves as a separation or redirecting unit to separate or redirect the succeeding ticket tongue along one path while the remainder of the preceeding ticket moves along another path; and it serves for temporarily arresting movement of the succeeding ticket tongue. (Ehrlund, pg. 148 ln. 2 - pg. 151 ln. 23).

39. The words "cut" and "tear" are used interchangeably in the Ehrlund patent to mean "sever" or "divide into segments". (Ehrlund, pg. 214 lns. 20-24; Chilton, pg. 493 ln. 3 - pg. 494 ln. 3; Myronuk, pg. 1066 ln. 27 - pg. 1067 ln. 4; Pl. Exs. 1, 105). While the patent specification does not specifically use the words "flange" and "separation unit", the specification and drawings clearly define the structure to which these words refer. (Chilton, pg. 488 ln. 28 - pg. 489 ln. 7, pg. 490 lns. 13-23, pg. 491 lns. 6-18).

40. The ticket strip in the Ehrlund patent can unroll off the top or off the bottom of the roll (Pl. Ex. 1). In the "Classic" model, the strip comes off the bottom of the roll. (Pl. Ex. 8). When Ehrlund filed his Swedish application, he was aware of the "Classic" model and aware that if the strip is pulled off the top of the roll, structure can be provided to prevent the free end of the strip from going back in the dispenser,

and the patent provides an explanation of appropriate structure. (Ehrlund, pg. 121 lns. 2-24; Pl. Ex. 1, Col. 3 lns. 3-8).

41. The patent specifies that in the position in which the dispenser is used the cover is lowered on the casing (Pl. Ex. 1, Col. 2 ln. 17); Ehrlund, pg. 141 ln. 12 - pg. 142 ln. 1). If the cover were heavy enough, such as made of heavy steel, or were closely fitting, the device in Ehrlund patent would operate without a latch. (Chilton, pg. 513 lns. 1-7; Myronuk, pg. 1068 ln. 19 - pg. 1070 ln. 16). A latch is illustrated in Figure 6, but not described. (Chilton, Pg. 485 lns. 14-27). Mr. Ehrlund's first device (Pl. Ex. 89, Model A) illustrated in Figures 1 and 2 of the Ehrlund patent did operate for the dispensing of tickets (Ehrlund, pg. 109 lns. 1-18), and defendants' TAKE-A-TURN dispenser operates with the latch open (Myronuk, pg. 1072 lns. 1025). Also, a person skilled in the art reading the Ehrlund patent would know that the cover should be latched down if it is not heavy. (Myronuk, pg. 1071 lns. 12-25; Pl. Ex. 99). The Ehrlund patent is not defective for failing specifically to describe and illustrate a latch.

42. Neither plaintiff AB Turn-O-Matic nor the inventor Ake Ehrlund intentionally withheld any material prior art, such as the "Classic" model dispenser or the British patent thereon, from the Patent Examiner.

43. All of the claims of the Ehrlund patent particularly point out and distinctly claim the subject matter which Mr. Ehrlund regarded as his inven-

tion. All of the claims clearly recite the structural elements of the dispenser described and illustrated in the Ehrlund patent. (Ehrlund, pg. 175 ln. 19 - pg. 178 ln. 17; Chilton, pg. 463 ln. 25 - pg. 468 ln. 2; Pl. Exs. 69A-69C, 70, 70A).

44. The most unique aspect of the Ehrlund invention is the guidance structure that cooperates without moving parts with the forwardly directed ticket tongue or flap to dispense individual tickets in a one hand, one step pulling operation in which the end ticket is separated from the strip roll leaving the ticket tongue of the succeeding ticket protruding from the dispenser ready to pull the next ticket (Chilton, pg. 461 ln. 1 - pg. 463 ln. 10, pg. 483 lns. 3-10, pg. 524 lns. 13-24).

45. While the claims of the Ehrlund U.S. patent do not specify how the user pulls the ticket or what forces hold the ticket back, the claims need not recite the complete functional operation of the structural elements.

46. The claims of the Ehrlund patent a) recite the tongue structure of the ticket which the patent describes as pulled (Pl. Ex. 1, Claims 1-5, Col. 4 lns. 14 & 44, Col. 2 lns. 24-26), b) recite the casing flange which guides the succeeding ticket tongue which the patent describes as ready next to be pulled (Pl. Ex. 1, Claim 1, Col. 4 ln. 30, Col. 2 lns. 26-34), c) recite the downwardly extending portion spaced from the flange to form a gap for passage of the strip which the patent describes as important for conferring on the flat its vertical orientation (Pl. Ex. 1, Claim 1, Col. 4 lns. 25-28 & 32-34; Col. 2 lns. 37-48); d) recite the guidance structure which the patent describes as guiding the

ticket strip until the end ticket is torn off (Pl. Ex. 1, Claims 2-5, Col. 4 lns. 51-63, Col. 2 lns. 26-34); and recite a wall spaced from and extending to a point below a separation unit which the patent describes as important for conferring on the flap its vertical orientation (Pl. Ex. 5, Claim 5, Col. 2 lns. 37-48).

47. The structure of the ticket strip recited in the preamble of the Ehrlund claims is part of Ehrlund's invention that defines the construction and the manner of use of the dispenser which is specifically claimed. (Ehrlund, pg. 334, ln. 28 - pg. 335 ln. 5; Chilton, pg. 463 ln. 25 - pg. 468 ln. 2, pg. 483 lns. 3-10, pg. 524 lns. 13-24).

48. In claim 1, the guidance means is defined for passage of the strip; the flange is defined for temporarily arresting movement of the ticket tongue and shaped for continued passage of the remainder of the strip; and tear-off portions are defined for tear-off of the remainder of the strip. (Pl. Exs. 1 Claim 1, 69A). In claims 2-5, the guidance means is defined by a separation unit corresponding in shape to that of the bottom part of the ticket tongues for guidance of respective parts of the strip along respective paths one of which leads to the tear-off means for tearing off the remainder portion of the strip. (Pl. Exs. 1 claims 2-5, 69B, 69C). The structural configuration of the Ehrlund ticket strip and its tongues recited in the claims of the Ehrlund patent give life, meaning and vitality to all the claims.

F. Validity and Enforceability of Ehrlund Patent

49. The disclosure contained in the Ehrlund patent is sufficient to enable a man of ordinary skill in the art of the material dispensers to make and use the Ehrlund invention. (Chilton, pg. 468 lns. 4-7; Myronuk, pg. 1071 lns. 12-25).

50. When Mr. Ehrulund signed the declaration to the United States Patent Office, he did not read English well enough fully to understand the application; his attorney explained to him what he was signing (Ehrlund, pg. 142 ln. 6 - pg. 143 ln. 19). His United States application was for the same invention as his prior Swedish application; the description and drawings were the same with the addition of Figure 6 and the description thereof. The addition of Figure 6 did not change the invention as disclosed or described. It was not established that Mr. Ehrlund made any material misrepresentation to the United States Patent Office.

51. The introduction to the Ehrlund patent refers to known appliances used primarily for issuing queuing tickets from a strip that has perforations or punched lines, which strip is fed forward by and torn off by a pull at the end (Pl. Ex. 1, Col. 1 lns. 3-11). The "Classic" dispenser was of this type. The construction of the ticket dispenser in the Ehrlund patent and the "Mark II" was distinctively different from the "Classic" and other than having a roll of tickets with an exposed end ticket that you take one at a time, Ehrulund did not think the "Classic" model related in any way to his invention. (Ehrlund, pg.

115 ln. 23, pg. 116 ln. 8). Defendants did not establish or even allege that the "Classic" dispenser anticipated or made the Ehrlund invention obvious.

52. No supplemental oath or declaration was required of Mr. Ehrlund in the application which issued as the litigated patent. The invention of the patent claims was the same invention originally described and claimed when the U.S. patent application was filed, as well as when the Ehrlund Swedish application was filed. The Examiner never asked for a Supplemental Oath and never argued that new matter was being added (Pl. Ex. 32).

53. Typical prior art devices included such things as a two-step sprocket feed operation employing positive control of the ticket strip (Ericson, pg. 582 ln. 3 - pg. 585 ln. 14; Chilton, pg. 468 ln. 17 - pg. 479 ln. 23; Pl. Exs. 44B, 45B, 68A, 93) or a positive stop using a latch mechanism such as the TURN-O-MATIC "Classic model or an engageable opening extending straight across the strip requiring additional manipulation of the ticket strip material. (Chilton, pg. 475 lns. 1-22, pg. 476 ln. 11 - pg. 477 ln. 3).

54. In the two-step sprocket feed operation, it is necessary to depress a handle or lever to advance the ticket strip and actuate a shearing mechanism. Many individuals are adverse to using these devices for sanitary reasons because everyone who operates the unit touches the same handle or lever. (Chilton, pg. 468 ln. 17-pg. 470 ln. 23; Ericson, pg. 585 ln. 24 - pg. 586 ln. 8; Pl. Exs. 44B, 45B, 68A, 93).

55. In the prior art devices using a positive stop operation, the additional manipulation of the ticket amounts to a two-step operation and sometimes requires a two-hand operation. (Chilton, pg. 475 lns. 1-22, pg. 476 ln. 11 - pg. 477 ln. 3; Pl. Exs. 44B, 45B, 68A, 93, 99, 100).

56. All models and prior art devices dispense the strip material tangentially from a roll and have an outward appearance unlike that of the "Mark II". (Pl. Exs. 7B, 33A-33D, 40, 44B, 45B, 68A, 89, 93, 95-103; Def. Ex. CD).

57. The Burr et al patent, No. 843,579 (Pl. Ex. 98) discloses a strip with transverse perforations and a channel that is curved both longitudinally and transversely to cause the perforation to rupture in the middle and extend sideways (Ehrlund, pg. 204 ln. 2 - pg. 205a ln. 7; Chilton, pg. 473 ln. 21 - pg. 474 ln. 14). It does not disclose a flange for temporarily arresting movement of the ticket tongue that is directed in the feeding of the strip as specified in Claim 1 (Ehrlund, pg. 322 ln. 24 - pg. 323 ln. 9, pg. 328 lns. 108); it does not disclose a downwardly extending portion forming a gap with a flange (Ehrlund, pg. 348 lns. 13-25) and does not disclose side tear-off portions (Ehrlund, pg. 348 lns. 26-28, pg. 349 lns. 11-17; and it does not disclose a separation unit of trapezoid shape to guide different portions of the strip along different parts (Ehrlund, pg. 353 ln. 12 - pg. 354 ln. 1; Chilton, pg. 521 ln. 18 - pg. 522 ln. 8).

58. The Ingram patent No. 1,704,044 (Pl. Ex. 99) discloses a dispenser with a strip roll having transverse slots (Ehrlund, pg. 356 lns. 18-23); Chilton, pg. 538 lns. 15-25, pg. 539 lns. 1-11).

It discloses a spring urging the strip against the cover so a two step operation is required. First the strip is pushed in and down until it is abruptly stopped and next, the end is grasped and torn off (Chilton, pg. 475 lns. 1-22; Myronuk, pg. 1085 lns. 13-25). It does not disclose a downwardly extending portion and a separate flange for temporarily arresting movement of the ticket tongue, both the downwardly extending portion and flange forming a gap to guide the ticket strip as specified in Claim 1. (Ehrlund, pg. 361 ln. 4 - pg. 362 ln. 2; Chilton, pg. 538 lns. 15-28, pg. 539 ln. 21 - page 540 ln. 5). Additionally, it does not disclose guidance means having a separation unit for guiding different portions of the strip along different paths as specified in claims 2-5 (Chilton, pg. 539 lns. 1-20).

59. The Osborne patents Nos. 3,173,601 and 3,229,876 (Pl. Exs. 95, 96), the Williamson patent No. 3,098,594 (Pl. Ex. 97), and the "Baggies" box (Def. Ex. L) illustrated therein provide a container from which a film is pulled until a tab penetrates transverse perforations in the film to bring the film to an abrupt complete stop after which continued pull on the film tears off the end bag. (Chilton, pg. 471, ln. 24 - pg. 472, ln. 20). Besides the lack of disclosure of strip tongues (Chilton, pg. 533, lns. 1-11), these prior art items do not disclose outwardly and downwardly extending portions to form a gap with a flange for temporarily arresting movement of the ticket tongue and side tear off portions as specified in Claim 1. (Ehrlund, pg. 366, ln. 22 - pg. 370, ln. 15). They do not disclose a separa-

tion unit to guide different portions of the strip along different paths (Ehrlund, pg. 372, ln. 26. 26 - pg. 373, ln. 3; Chilton, pg. 534, lns. 1-12; Pl. Ex. 114 pg. 22-24, 27) and before you can pull the succeeding bag you must lift the bag material out from behind the projection which has stopped the material. (Myronuk, pg. 1094, lns. 17-24).

60. The Beloud patent No. 2,361,528 (Pl. Ex. 100) discloses a strip with transverse perforations and a separately movable pawl that engages and stops the strip different from the Ehrlund invention. (Ehrlund, pg. 208, ln. 19 - pg. 209, ln. 12; Chilton, pg. 476, ln. 11 - pg. 477, ln. 15). Besides not disclosing tongues on the strip (Chilton, pg. 544, lns. 1-10), the Beloud patent does not disclose a structure that could be characterized as a casing flange or separation unit and a separate downwardly extending portion to form a gap with the casing flange. (Myronuk, pg. 1091, ln. 24-28). In the same respect as the Ingram and Osborne patents, the Beloud patent does not disclose a guidance means for guiding different portions of the strip along different paths (Chilton, pg. 539, lns. 1-20, pg. 534, lns. 1-12; Pl. Ex. 114, pgs. 22-24, 27).

61. The Kingsbury patents Nos. 1,914,261 and 1,983,463 (Pl. Exs. 101, 102) disclose a complex machine with wheels going different speeds to fold his strip and tear off the lead portion. These patents, not principally relied upon by defendants, lack disclosure of various elements in Claims 1-5. (Ehrlund, pg. 209, ln. 20 - pg. 210, ln. 5; Chilton, pg. 477, lns. 16-27).

62. The Suk patent No. 1,575,081 (Pl. Ex. 103) discloses a machine provided with a recording strip which receives orders in succession. The strip is forwarded in the machine and preserved until taken out of the end of the day or whenever desired (Pl. Ex. 103, pg. 2, lns. 50-59). The Suk patent discloses no structure for guiding or separating portions of the strip. (Ehrlund, pg. 210, lns. 6-25).

63. It was not established that the "Meny" bag dispenser was prior art (i.e., coming either before Ehrlund's invention or more than one year prior to either Ehrlund's Swedish or U.S. filing dates. Even so the "Meny" bag dispenser is like the "Baggie" dispenser and distinct from the Ehrlund invention in the same manner as is the "Baggie" dispenser. In the "Meny" bag dispenser, transversely perforated plastic film is lifted up over an arresting tab and pulled until the tab goes through (penetrates) the middle of the perforation and permanently stops the film until you lift it again. Continued pull will tear off the first bag. It is a two-step operation. (Ehrlund, pg. 202, ln. 24 - pg. 204, ln. 1).

64. The construction of a device as set forth in the claims of the Ehrlund Patent No. 3,885,724 is not described or anticipated by the disclosures of the following patents:

U.S. 843,579 to Burr et al.
U.S. 1,575,081 to Suk
U.S. 1,704,044 to Ingram
U.S. 1,983,463 to Kingsbury
U.S. 2,351,528 to Beloud
U.S. 3,098,594 to Williamson

U.S. 3,173,601 to Osborne, Jr.
U.S. 3,229,876 to Osborne, Jr.
British 841,034 to AB-Turn-O-Matic and the invention of the Ehrlund invention would not have been obvious to a person having ordinary skill in the art to which this invention relates at the time the invention was made in view of the aforementioned patents.

65. Ehrlund did not believe that his invention was disclosed or described in the Osborne and Williamson patents or the Baggies or that the Meny dispenser operates in accordance with his invention. (Ehrlund, pg. 202, ln. 4 - pg. 204, ln. 1).

66. The dispenser described in the principal prior art relied upon by defendants, namely Osborne (Pl. Exs. 95, 96), Burr et al. (Pl. Ex. 98), Ingram (Pl. Ex. 99), Beloud (Pl. Ex. 100) and Kingsbury (Pl. Ex. 101, are of different construction and operate in a different way to produce a different result from the Ehrlund invention. (Chilton, pg. 472, ln. 21 - pg. 473, ln. 15, pg. 474, lns. 15-28, pg. 475, ln. 23 - pg. 473, ln. 8, pg. 477, lns. 4-15, pg. 447, ln. 28 - pg. 478, ln. 12).

67. The introduction to the Ehrlund patent refers to known appliances used primarily for issuing queuing tickets from a strip that has perforations or punched lines, which strip is fed forward by and torn off by a pull at the end. (P. Ex. 1, Col. 1, lns. 3-11). The defendants prior art Burr et al. Ingram, Beloud and Kingsbury are all of this type. Osborne is a bag dispenser. None of these prior art items disclose a ticket flap or tongue and the dispensing structure therefor. (Findings 7-61).

68. Every one of the references made of record by the Patent Examiner during the prosecution of the Ehrlund patent discloses tongues or flaps produced on strip material. (P. Ex. 33A-33D). Of all the prior art, the German patent (Pl. Ex. 33D) which was cited (Pl. Ex. 1, pg. 1) by the Patent Office Examiner during the prosecution of the Ehrlund patent is the only dispenser with a triangular shaped flap. (Ehrlund, pg. 207, ln. 18 - pg. 208, ln. 13). With respect to the important limitations in the Ehrlund claims to the ticket strip having tongues directed in the feeding direction of the strip, this German patent is more pertinent than the prior art relied upon by defendant.

69. Other than to agree that Ake Ehrlund was a person skilled in the art of dispensing packaging material (Ehrlund, pg. 96, ln. 8, pg. 96, ln. 2) defendants introduced no evidence to establish the level of ordinary skill in the pertinent art to which the Ehrlund patent pertains.

70. The construction of the invention set forth in the claims of United States Patent No. 3,885,724 was partly discovered by Ake Ehrlund by accident, and Ake Ehrlund was a person skilled in the mechanical arts of packaging, display and dispensing devices at the time he made his invention. (Ehrlund, pg. 89, ln. 11 - pg. 99, ln. 16; Chilton, pg. 480, ln. 1 - pg. 484, ln. 7).

71. Before inventing his ticket dispenser Mr. Ehrlund had designed a machine for dispensing edge glued paper in bag form of any desired length (Ehrlund, pg. 98, ln. 2 - pg. 94, ln. 9)

and a device for dispensing sweetener (Ehrlund, pg. 98, ln. 9 - pg. 99, ln. 3; Pl. Ex. 74).

72. At the time of his investigation of a ticket dispenser, the later patented dispenser structure was not obvious to Ehrlund. It would not have been obvious to him even if he had been aware of the defendants alleged prior art (Ehrlund, pg. 214, lns. 7-19).

73. Professor Chilton did not believe the Ehrlund invention would have been obvious at the time the invention was made to a person whom he characterized as skilled in the art to which the invention relates, in view of any one or all of the prior art references; Osborne, Burr et al., Ingram, Beloud or Kingsbury. (Chilton, pg. 482, ln. 22 - pg. 484, ln. 7).

74. Professor Chilton characterized the art to which the Ehrlund invention pertains as the packaging and dispensing art. The skill of the average man in this art includes mechanical knowledge, knowledge of materials and properties of materials, a mechanical ability to see how things fit together and probably exposure to earlier model dispensers. (Ch-lton, pg. 480, ln. 1 - pg. 481, ln. 17).

75. Paul Osborne, an inventor and developer of the product sold under the trademark "BAGGIES" and named as an inventor in patents alleged by defendants to anticipate and/or make Ehrlund's invention obvious, testified that he believes the construction of the device embodied in the Ehrlund patent would not have been obvious to him in 1971 or obvious to a person of average skill in

the art of packaging in view of the construction of the "Baggie" box. (Pl. Ex. 114, pg. 12, ln. 21 - pg. 13, ln. 7). John Williamson, another inventor in the development of the "BAGGIES" product relied upon as prior art, testified that knowledge of the "BAGGIES" product would not have helped him much in inventing the Ehrlund ticket dispenser. (P. Ex. 115, pg. 21, lns. 8-11). Mr. Williamson also testified that the "Baggies" box would not operate with knife edges on either side of the projection tab as suggested by defendants' expert. (Pl. Ex. 115, pg. 36; Myronuk, pg. 1041, lns. 3-25).

76. While Professor Myronuk testified as to certain things that would be obvious to him or obvious "to a person skilled in the art", he gave no reference to what art he was referring to, what the skill of the ordinary man in the particular unnamed art was or any particular knowledge he had about the art of designing ticket dispensers at the time the Ehrlund invention was made to correlate his statement of obviousness "to a person skilled in the art" to the obviousness to a person having ordinary skill in the art to which Mr. Ehrlund's invention pertains. Professor Myronuk, being an expert, cannot be equated with the "person having ordinary skill in the art" contemplated by 35 U.S.C. 103. Additionally, Professor Myronuk neither made nor tried to make a dispenser of the type of the Ehrlund invention (Myronuk, pg. 1067, lns. 11-16).

77. None of the defendants' prior art became public between the filing dates of the Ehrlund Swedish application and the Ehrlund U.S. application. Therefore, the validity of the U.S. patent

is not effected whether or not the subject matter of Figure 6 is accorded the benefit of the original Swedish filing date.

78. The TURN-O-MATIC Mark II is a dispenser in accordance with the invention of the Ehrlund patent. (Ehrlund, pg. 129, ln. 1 - pg. 135, ln. 3; Pl. Exs. 90, 140, 10).

79. While many attempts have been made to provide a simple ticket dispenser, easy to construct and easy to operate with one hand as evidenced by the various prior art patents and devices produced at trial, none has provided the simple dispensing operation with no moving parts from which a single ticket partially projecting therefrom can be grasped with one hand and pulled in one direction to tear off a single ticket and leave the next ticket protruding as in the Ehrlund patent and in the TURN-O-MATIC Mark II. (Ericson, pg. 582, ln. 3- pg. 585, ln. 14, pg. 595, ln. 27 - pg. 596, ln. 11).

80. Defendant Tveter himself who was marketing the TURN-O-MATIC unit for many years and unhappy with his dealings with the plaintiffs for many reasons never came up with an alternative device until the TURN-O-MATIC Mark II design was introduced.

81. John Bogue, a Baskin-Robbins Ice Cream Store owner in Houston, Texas had waited for a better unit than the TURN-O-MATIC Classic model from before 1967 until the Mark II was introduced. (Pl. Ex. 116, pp. 7-22, pg. 48). He characterizes the TURN-O-MATIC Mark II ticket dispenser as the best piece of equipment he has in the store. (P. Ex. 116, pp. 8-23).

82. Extensive sales were made of both plaintiffs and defendants dispensers embodying the invention. (Pl. Exs. 10, 25). Th sales of the "Mark II" dispenser which was the only type of dispenser sold by Scandus, Inc. in 1975 (Ericson, pg. 633, lns. 15-28; Pl. Ex. 151) and of the TAKE-A-TURN dispenser (Pl. Ex. 135) were far more than double all the TURN-O-MATIC dispensers sold in 1974.

83. Considering the scope and content of the prior art, the differences between the subject matter claimed in the Ehrlund patent and the prior art and the level of ordinary skill in the art claimed in the Ehrlund patent and the prior art to which the invention pertains, the Ehrlund invention would not have been obvious to the person of ordinary skill in that art at the time Ehrlund made his invention or on the filing dates of either the Swedish or United States patent application of Ehrlund. The Ehrlund invention of the litigated patent and embodied in defendants' ticket dispenser was not an obvious development in the material dispensing technology. Moreover, it is apparent that the material dispensing industry with all its progress and expertiese had not solved the particular problem which the Ehrlund patent solved.

G. Origin and Introduction of Defendants' TAKE-A-TURN Products

84. Immediately upon introduction of the TURN-O-MATIC Mark II ticket dispenser and tickets, Tveter secretly undertook efforts to copy these products. Defendant Tveter met with defendant

Nakagawa, and with a TURN-O-MATIC Mark II dispenser defendant Nakagawa formulated the design drawings for a ticket dispenser to be marketed by Tveter. (Tveter, pg. 720, lns. 9-22; Nakagawa, pg. 933, lns. 3-7; Pl. Ex. 157, pg. 47). On February 14, 1974, less than a month after the date of the announcement of the Mark II dispenser to Tveter from Sweden, Nakagawa's company Prodeco made a quotation to Tveter of $23,862.00 for the tooling to make the ticket dispenser for Tveter and of $1,825.00 for the parts of one thousand dispensers. (Tveter, pg. 719, ln. 17 - pg. 720, ln. 8; Nakagawa, pg. 930, lns. 20-27; Pl. Ex. 49).

85. On May 14, 1974, Tveter entered into a contract with one John Ostrowski to print and provide to Tveter tickets of an old style to fit TURN-O-MATIC "Classic" dispensers then presently in operation and a new style to fit Tveter's copy of the TURN-O-MATIC Mark II dispenser, the latter tickets virtually identical to the TURN-O-MATIC tickets of plaintiffs then being sold by Tveter for the TURN-O-MATIC "Mark II" dispenser. (Tveter, pg. 721, ln. 1 - pg. 722, ln. 5; Pl. Ex. 106).

86. On May 28, 1974, Tveter issued a purchase order to a company, Total Technology, for 1,000 indicators. (Tveter, pg. 722, lns. 6-24; Pl. Ex. 43, 43A).

87. On June 11, 1974, Tveter issued a purchase order to Prodeco for the tooling for the ticket dispenser for an amount of $23,880.00. (Tveter, pg. 723, lns. 1-12; Pl. Ex. 52). The purchase order was accepted by Nakagawa the same day and within the next two days the

arrangement was finalized by first the Prodeco quotation of $23,312.80 for the tooling and sales tax and then Tveter's down payment. (Tveter, pg. 723, lns. 13-24; Pl. Ex. 53). These molds were not completed until December, 1974. No model or prototype of a ticket dispenser designed by Nakagawa for Tveter was made prior to actually assembling dispenser parts made from the completed molds purchased by Tveter from Nakagawa. (Tveter, pg. 727, ln. 25 - pg. 728, ln. 5; pg. 724, lns. 3-9).

88. Defendant Tveter started selling his own number indicator on about November 12, 1974 under the name TAKE-A-TURN. (Tveter, pg. 722, lns. 12-28; Pl. Ex. 154). Although this indicator displayed the number by lights instead of the mechanically rotating numbers in the TURN-O-MATIC unit, the TAKE-A-TURN indicator is substantially the same size as the TURN-O-MATIC indicator, includes the same words "Now Serving" above the indicator number and includes the name "TAKE-A-TURN" in the same location below the indicator numbers as the trademark "TURN-O-MATIC" appearing on plaintiff's indicator.(Ericson, pg. 578, lns. 16-22; Tveter, pg. 722, lns. 10-28; Pl. Exs. 23B, 42, 42A, 43, 43A).

89. In or about December 16, 1974 defendant Tveter first offered for sale and sold his TAKE-A-TURN tickets. (Pre-trial O. pg. 10, ¶27; Pl. Ex. 129T). By January 3, 1975, to the same customers to whom he had been selling TURN-O-MATIC products, defendant Tveter was selling his tickets virtually identical to the "Classic" and "Mark II" tickets, but including the name "TAKE-A-TURN" instead of "TURN-O-MATIC". (Pre-Trial O. pg. 10,

¶26; Tveter, pg. 725, lns. 6-15; pg. 813, lns. 8-12; Pl. Exs. 106, 153).

90. When he had his TAKE-A-TURN dispenser, an illustrative brochure and TAKE-A-TURN tickets ready, defendant Tveter, by letter dated January 8, 1975, terminated his distributorship agreement with AB Scandus and Scandus, Inc. with the stated effective termination date of January 10, 1975. (Tveter, pg. 727, ln. 16 - pg. 729, ln. 16; Pl. Exs. 21, 24).

91. On the termination date of January 10, 1975, Tveter appeared in the offices of the purchasing agent for Baskin-Robbins, one of the largest users of TURN-O-MATIC equipment, and displayed for sale his TAKE-A-TURN dispenser and tickets. (Tveter, pg. 729, ln. 17 - pg. 731, ln. 25). From his meeting at Baskin-Robbins Tveter went on to present proposals to other companies such as Sears, Roebuck & Co., Montgomery Ward and other customer-distributors to whom he had been selling TURN-O-MATIC products. (Tveter, pg. 732, lns. 1-19; Pl. Ex. 61A-61D).

92. On the termination date of January 10, 1975, Tveter appeared in the offices of the purchasing agent for Baskin-Robbins, one of the largest users of TURN-O-MATIC equipment, and displayed for sale his TAKE-A-TURN dispenser and tickets. (Tveter, pg. 729, ln. 17 pg. 731, ln. 25). From his meeting at Baskin-Robbins Tveter went on to present proposals to other companies such as Sears, Roebuch & Co., Montgomery Ward and other customer-distributors to whom he had been selling TURN-O-MATIC products. (Tveter, pg. 732, lns. 1-19; Pl. Ex. 61A-61D).

93. The first models of the TAKE-A-TURN dispenser were virtually identical to the TURN-O-MATIC Mark II dispenser right down to the almost identical color. (P. Exs. 10, 21). Later, other colors were used (Tveter, pg. 819, ln. 28 - pg. 820, ln. 14), but the only differences were slight changes from the exterior appearance of the TURN-O-MATIC Mark II dispenser, such as the deletion of the rounding of certain surfaces and the deletion of the ribs at the rear mounting portion. (Pl. Exs. 10, 21, 25, 70-60C). The TAKE-A-TURN ticket dispenser holding cavity and ticket strip rolls were therefore slightly narrower than the TURN-O-MATIC Mark II dispenser cavity and ticket strip rolls, and the casing tongue in the first TAKE-A-TURN dispensers (P. Ex. 21) was substantially narrower than the casing tongue in the TURN-O-MATIC dispenser. (Chilton, pg. 458, lns. 22-28, pg. 740, lns. 1-7; Pl. Ex. 21, 25, 106). It is difficult to tell which dispenser is which even with the two dispensers positioned side-by-side. (Pl. Exs. 10, 25, 70-70C, 90C, 157 pp. 33-34).

94. The TAKE-A-TURN dispenser is such an exact copy of the TURN-O-MATIC dispenser that even the structural changes between the TURN-O-MATIC prototype (Pl. Ex. 90) and final production version (Pl. Ex. 10) are incorporated in the TAKE-A-TURN dispenser (Pl. Ex. 25), namely, 1) the cooperating ridges of cover and latch, 2) one front angled side surface of the casing, 3) the ridge inside the cover, 4) the two tabs on the cover, and 5) the semi-cylindrical mating projection and recess on one side of the casing and cover respectively. (Ehrlund,

pg. 169, ln. 1 - pg. 170, ln. 20; Honeker, pg. 1156, ln. 4 - pg. 1158, ln. 28; Pl. Exs. 72, 90D; Def. Exs. Q2, Q3, Q4). While making the drawings on which Nakagawa later presented his quotation on February 14, 1974, Nakagawa had a TURN-O-MATIC Mark II dispenser to work from. (Nakagawa, pg. 933, lns. 3-7; Pl. Ex. 157, pg. 47). Nakagawa presented his drawing and a TURN-O-MATIC dispenser to a mold maker, Klaus Honeker, to obtain a quote on making the mold for the TAKE-A-TURN dispenser. (Honeker, pg. 1154, ln. 16 - pg. 1155, ln. 15). In order for Mr. Honeker to make the mold for the TAKE-A-TURN, he would have had to have a drawing or a mold or his customer's request that detailed those individual features of the TURN-O-MATIC Mark II dispenser that were incorporated into the TAKE-A-TURN dispenser. (Honeker, pg. 1159, ln. 9 - pg. 1160, ln. 15).

95. Even Fred Wagner, Tveter's own customer-distributor first for TURN-O-MATIC products and later for TAKE-A-TURN products, believed the TAKE-A-TURN dispenser had been copied from the TURN-O-MATIC Mark II dispenser. (Wagner, pg. 965, lns. 10-28; Pl. Ex. 65; Tveter, pg. 746, ln. 3 - pg. 747, ln. 21).

96. The evidence presented at trial establishes that defendants Tveter and Prodeco copied plaintiffs' patented product. (Tveter, pg. 719, ln. 17 - pg. 720, ln. 22; pg. 738, ln. 3; pg. 741, ln. 12; Nakagawa, pg. 933, lns. 3-7, 12-14; Ehrlund, pg. 169, ln. 1 - pg. 170, ln. 20; Honeker, pg. 1154, ln. 16 - pg. 1162, ln. 17; Wagner, pg. 965, lns. 10-28; Pl. Ex.s. 10, 25, 70, 70A, 72, 73A, 90, 140, 157 pg. 47; Def. Ex. Q2, Q3, Q4).

97. The TURN-O-MATIC Mark II was easier and less expensive for Tveter to copy. (Pl. Ex. 157, pg. 12, ln. 16 - pg. 13, ln. 6, pg. 14).

98. Within four months after Tveter began the sale and distribution of his TAKE-A-TURN customer numbering system including the sale of "Classic" style tickets to fit "TURN-O-MATIC" "Classic" ticket dispensers, he discontinued the sale of "Classic" style tickets because it was easier and cheaper to give away one of his TAKE-A-TURN ticket dispensers copied from the TURN-O-MATIC Mark II dispenser with the sale of new style TAKE-A-TURN tickets copied from the TURN-O-MATIC Mark II tickets than to repair or service an old style TURN-O-MATIC "Classic" model dispenser. (Tveter, pg. 747, ln. 28 - pg. 748, ln. 23).

99. The original and all subsequent models of the TAKE-A-TURN dispenser have included the mark "TAKE-A-TURN" embossed on the closing latch on the front of the dispenser in the same location, style and lettering as the TURN-O-MATIC Mark appears on the front of the TURN-O-MATIC dispenser. (Tveter, pg. 743, lns. 13-20; Pl. Exs. 21, 25, 73, 90C).

100. The bulk of Tveter's imitation dispensers, even today employ virtually an identical color scheme; the body and cover are red in color like the TURN-O-MATIC Mark II, the hinge pins connecting the cover to the casing, the mounting bracket, and the closing latch on the front of the TAKE-A-TURN dispenser are black in color like the TURN-O-MATIC Mark II.

101. For the front of his first brochure, Tveter used the same format and text with minor caption changes from a brochure (Pl. Exs. 23B, 132) which he had used for the distribution of the TURN-O-MATIC Mark II dispenser and which had been paid for in large measure by Scandus, Inc. and the other TURN-O-MATIC national distributor. (Tveter, pg. 870, lns. 17-20, pg. 918, ln. 12 - pg. 919, ln. 18; Pl. Ex. 156). Tveter merely substituted for the photograph of the TURN-O-MATIC dispenser a photograph of the TAKE-A-TURN dispenser taken at a similar angle and distance and changed the words TURN-O-MATIC to TAKE-A-TURN wherever they appeared. The picture's format and language are arranged in such a way that one cannot easily distinguish the two brochures or the products they exhibit. (Pl. Exs. 23B, 24, 143; Ericson pg. 616, ln. 12 - pg. 617, ln. 22; Tveter, pg. 719, lns. 5-16). The identity of the dispenser illustrated in Tveter's second brochure is even harder to distinguish. (Ericson, pg. 617, lns. 23- pg. 618, ln. 1; Pl. Ex. 63).

102. The Tveter initation ticket dispenser is operated in exactly the same manner as the Ehrlund patented invention and the TURN-O-MATIC Mark II dispenser to dispense in a one-hand, one-step operation the end ticket from a strip roll that has punched lines equally spaced apart along the length of the strip forming flaps directed forward in the feeding direction of the strip. (Ehrlund, pg. 214, ln. 25 - pg. 215, ln. 8; Chilton, pg. 494, ln. 19 - pg. 495, ln. 3).

103. At least some of the TAKE-A-TURN ticket dispensers exhibited opera-

tional difficulties, such as more than one ticket being dispensed at a time. (Pratt, pg. 277, ln. 27 - pg. 278, ln. 14; Burgess, pg. 311, lns. 1-10; Robb, pg. 400, lns. 12-19; Graham, pg. 416, ln. 20 - pg. 417, ln. 3; Tveter, pg. 734, ln. 17 - pg. 735, ln. 6; Ericson, pg. 679, ln. 23 - pg. 680, ln. 1; Pl. Exs. 21, - 6, 116 pp. 12-16, & Ex. JB-3). Tveter attempted to solve problems by modifying dispensers, sometimes in the field, by grinding off part of the cover between the depending tabs and by adding tape on the casing tongue. (Tveter, pg. 743, ln. 18 - pg. 746, ln. 2; Pl. Ex. 143). In order to experiment with possible changes in the TAKE-A-TURN dispenser, Tveter had the bottom front portion of one of his dispensers containing the narrow casing tongue removed and replaced with a plastic part including a wider casing tongue portion substantially the same width as the casing tongue portion of the TURN-O-MATIC dispenser. (Tveter, pg. 738, ln. 3 ppg. 741, ln. 2; Pl. Exs. 21, 25, 91B). In about April, 1975 the molds for the TAKE-A-TURN ticket dispenser were modified to provide an increased width to the casing tongue portion of the TAKE-A-TURN dispenser to be substantially the same width as the casing tongue of the TURN-O-MATIC dispenser. (Tveter, pg. 740, ln. 1- pg. 741., ln. 5). Also on subsequent units, a bar was added to the lower front portion of the TAKE-A-TURN dispenser. (Tveter, pg. 737, lns. 22-25).

104. Prodeco sells the TAKE-A-TURN dispenser to Tveter without cover and casing assembled and without the bar. (Tveter, pg. 742 lns. 24-27).

105. Often Tveter ships his TAKE-A-TURN dispenser and tickets together (Tveter, pg. 821, lns. 1-4) and often the dispenser and tickets are part of the same transaction (Pl. Exs. 129D, H, T, 61B, 116 Pg. 37, 117BB-3, Emanual, pg. 287 lns. 104).

106. The first time Mr. Ericson saw a TAKE-A-TURN dispenser was in late February, 1975 in a Baskin-Robbins store in New Orleans. The store owner Wayne Lassen had ordered a TURN-O-MATIC Mark II dispenser from a TURN-O-MATIC brochure provided by Tveter's Texas distributor. Lassen received a TAKE-A-TURN dispenser, and Mr. Ericson was first to inform Mr. Lassen that they had not received a TURN-O-MATIC dispenser. Mr. Ericson acquired that TAKE-A-TURN dispenser. (Ericson, pg. 603 ln. 28 - pg. 607 ln. 21; Pl. Exs. 21, 22, 23A-D, 108).

107. After discovery and examination of the Tveter TAKE-A-TURN dispenser, plaintiffs informed certain parties that a patent application was pending on the TURN-O-MATIC Mark II dispenser. By a copy of a letter from plaintiffs' attorneys, parties were informed of the patent rights plaintiffs expected to have when the patent issued. Plaintiffs informed certain parties only that legal action would be taken once the patent issued. (Ericson, pg. 645 ln. 1 - pg. 647 ln. 17 - pg. 708 ln. 3 - pg. 709 ln. 1; Pl. Ex. 65; Def. Ex. AW). After the patent issued and suit had been brought against Tveter, but before the hearing on plaintiffs' motion for preliminary injunction when Fred Wagner was selling the TAKE-A-TURN dispenser, plaintiffs' attorneys put Fred Wagner on

notice of the pending motion. (Wagner, pg. 95 ln. 27 - pg. 953 ln. 28; Def. Ex. AE). Also after the patent issued plaintiffs' attorneys put Nakagawa on notice that he would be sued, and he was in fact sued. (Def. Ex. AD). It was not established that plaintiffs intimidated anyone either in the United States or elsewhere by threat of bringing infringement action before the patent issued May 27, 1975 or in a foreign country.

H. Infringement of the Ehrlund Patent by the TAKE-A-TURN Dispenser

108. The TAKE-A-TURN dispenser, like the TURN-O-MATIC Mark II dispenser and the invention of the Ehrlund patent, has a casing with a second guidance means to guide the strip, a flange or separation unit, and means on both sides of the flange or separation unit connecting the base of the flange or separation unit to the side walls of the casing. The ticket strip has lines forming equally spaced apart tongues directed in the feeding direction for the strip. The cover of the dispenser connected to the casing is provided with a first guidance means in the form of an outwardly extending first portion and a downwardly extending second portion with the cover first guidance means spaced from the casing second guidance means to pass the strip. The flange or separation unit has a trapezoid shape corresponding to the shape of the bottom part of the ticket tongue. The ticket strip comes off the roll, is guided over the casing tongue in contact with the side connecting means, and extends downward between

the end of the flange and downwardly extending portion. A pull on the exposed flap or ticket tongue at the end of the ticket strip advances the ticket strip along a predetermined path such that the lead portion of the succeeding ticket is carried out and down and then the succeeding ticket tongue is guided along one path and the remainder of the leading ticket along another path so that the pulled ticket is torn off at the sides of the flange or casing tongue leaving the flap of the succeeding ticket carried beyond the end of the casing flange and down ready to be pulled for the next ticket. (Ehrlund pg. 183 ln. 21 - pg. 190 ln. 17; pg. 192 ln. 22 - pg. 198 ln. 24, Chilton pg. 485 ln. 23 - pg. 493 ln. 2; Pln. Exs. 1, 25 69A1-69C1, 70).

109. In the operation of the TAKE-A-TURN dispenser the ticket strip contacts the edges on either side of the casing flange or separation unit. (Chilton, pg. 506 ln. 5 - pg. 508 ln. 1; Myronuk, pg. 1004 ln. 24 - pg. 1005 ln. 2 - pg. 1074 ln. 26 - pg. 1077 ln. 9; Def. Ex. BO). Wear on these edges would indicate contact of the ticket strip there (Myronuk, pg. 1076 ln. 25 - pg. 1077 ln. 9 - pg. 1183 ln. 13 - pg. 1184 ln. 15), and there was wear on such edges of a TAKE-A-TURN dispenser that had been in use in a retail store. (Myronuk, pg. 1187 ln. 22 - pg. 1189 ln. 5; Pl. Ex. 143). Defendants' own artist's drawing of the operation of defendants' device shows the ticket strip of the TAKE-A-TURN device in contact with the tear off edges. (Def. Ex. BO view CC; Myronuk, pg. 997 ln. 13 - pg. 998, ln. 15 - pg. 1076 ln. 16 - pg. 1076 ln. 24).

110. In the defendants' TAKE-A-TURN ticket dispenser the free end of the ticket strip is not torn solely by virtue of the frangibility of the paper. When the end of a string of tickets extending from the TAKE-A-TURN ticket roll separate from the TAKE-A-TURN dispenser is pulled, the single end ticket tears off. When the end of a string of tickets extending from the TAKE-A-TURN ticket roll and protruding out the exit opening of defendants' TAKE-A-TURN dispenser is pulled, the whole string of tickets tears off at the casing flange of the dispenser. In the latter case if the ticket strip tore solely by virtue of the frangibility of the paper, the single end ticket rather than the whole string would tear off. (Ehrlund pg. 215 ln. 11 - pg. 217 ln. 14; Pl. Ex. 142; Chilton, pg. 571 ln. 10 - pg. 572 ln. 14; Pl. Ex. 148).

111. In the defendants' TAKE-A-TURN device the ticket tears in the vacinity of the base of the casing tongue due to the stress concentration in the paper. (Chilton, pg. 506 ln. 5 - pg. 508 ln. 17).

112. The defendants' TAKE-A-TURN dispenser incorporates all the structural limitations recited in the claims of the Ehrlund patent. (Ehrlund, pg. 183 ln. 21 - pg. 190 ln. 17 - pg. 192 ln. 22 - pg. 198 ln. 24; Chilton, pg. 485 ln. 23 - pg. 493 ln. 2; Pl. Exs. 25, 69A1-69C1, 70).

113. Even defendants' expert, Professor Myronuk, agrees that the TAKE-A-TURN dispenser (Pl. Ex. 25) has the structure of the Ehrlund claims with the exception that he would not characterize the portions or means on either side of the flange or guidance means (Pl. Ex. 1, Claims 1 & 2) as "tear-off" portions or "cutting off" means and

would not characterize the flange as "temporarily arresting movement of the ticket tongue". (Myronuk, pg. 1115, ln. 11 - pg. 1125 ln. 25).

114. Besides the structure recited in the claims of the Ehrlund patent, the TAKE-A-TURN dispenser has two tabs projecting inwardly from the downwardly projecting portion of the cover and a bar below the flange of the casing. (Ehrlund, pg. 225 ln. 26 - pg. 226 ln. 2; Chilton, pg. 497 lns. 19-26; Pl. Exs. 25, 72). The tabs and bar do not eliminate from the TAKE-A-TURN dispenser the structure therein corresponding to the structure recited in the Ehrlund claims. The tabs operate in guiding the ticket tongue in the downward direction and limiting the space between the downwardly directed portion of the cover and the casing flange. (Chilton, pg. 498 lns. 10-17). The projecting tabs in both the TURN-O-MATIC Mark II and the TAKE-A-TURN dispensers do not change the operation of the invention from that described and illustrated in the patent, because the entire succeeding ticket tongue can be removed and the first ticket will still tear off. (Ehrlund, pg. 266 ln. 10 - pg. 268 ln. 13). The bar was added to prevent the user from pulling ticket straight back. (Ehrlund, pg. 226 lns. 25-28; Tveter, pg. 916 lns. 15-25). It is possible to pull tickets out of the TAKE-A-TURN dispenser without touching the bar. (Tveter, pg. 916 ln. 26 - pg. 917 ln. 14; Myronuk, pg. 1061 lns. 17-21). Additionally, the addition of the bar has no bearing on infringement by Prodeco because Prodeco sells the dispenser to Tveter without the bar.

(Tveter, pg. 742 lns. 24-27). While a bunching action of the ticket tongue may take place in the defendants' TAKE-A-TURN dispenser (Myronuk, pg. 1073 lns. 9-20), a bunching action can also take place in the device in the Ehrlund patent. (Myronuk, pg. 1074 lns. 4025). The claims of the Ehrlund patent do not specify structure or operation that would exclude the use of the bar, the depending tabs or a bunching action. (Pl. Exs. 1, 69A-69C).

115. The TAKE-A-TURN dispenser made and/or sold by Prodeco and Nakagawa and made and/or sold by Tveter and SGT, and the dispenser embodied in the invention claimed in Ehrlund U.S. Patent No. 3,885,724 are constructed substantially the same and operate in substantially the same way to produce substantially the same result. (Chilton, pg. 494 ln. 19 - pg. 495 ln. 3).

116. The TAKE-A-TURN dispenser as made and/or sold by Nakagawa and Prodeco embodies the invention claimed in Ehrlund U.S. Patent No. 3,885,724.

117. The TAKE-A-TURN dispenser as made and/or sold by Tveter and SGT embodies the invention claimed in Ehrlund U.S. Patent 3,885,724.

I. Marketing of the TAKE-A-TURN Products

118. Tveter sells his TAKE-A-TURN ticket dispensers, tickets and/or number indicators to the same type of customers and to the very same customers to whom he formerly sold TURN-O-MATIC ticket dispensers, tickets and/or number indicators. (Tveter, pg. 750 ln. 27 - pg. 751 ln. 24).

119. Tveter sells his components for his TAKE-A-TURN customer numbering system, including his ticket dispenser and number indicator, under the same part numbers under which he sold the components for the TURN-O-MATIC customer numbering system, and sales of TAKE-A-TURN products are made to identical customers to whom Tveter formerly sold TURN-O-MATIC products under identical part numbers. (Tveter, pg. 713 ln. 3 - pg. 714 ln. 11; pg. 750 ln. 27 - pg. 751 ln. 24; Pl. Exs. 136, 61A-61D).

120. Tveter has included on one side of certain of his dispensers a silver label that includes the trademark TAKE-A-TURN in the manner and style in which the TURN-O-MATIC trademark is used and the name SGT Enterprises. (Tveter, pg. 822 lns. 13-26; Def. Ex. O).

121. Tveter uses the word "TAKE-A-TURN" as a trademark and has filed an application to register the trademark TAKE-A-TURN. There is no evidence in the record of the prosecution of the trademark application before the Trademark Office that the Office was aware of either the use or registration of the TURN-O-MATIC trademark by plaintiff for identical goods sold to the same type of customers or that Tveter had called attention to such use or registration or to the fact that plaintiffs had sued Tveter for trademark infringement of the TURN-O-MATIC trademark by his use of the trademark TAKE-A-TURN. (Pl. Ex. 154; Tveter, pg. 765 ln. 27 - pg. 766 ln. 2).

122. Tveter's customers associated him with TURN-O-MATIC products and continued to order TURN-O-MATIC brand

products from him after he terminated his distributorship agreement. (P. Exs. 129-O, 129-R, 129-K, 129-V, 129-G, 129-H, 129-I, 129-E, 129-D, 129-P, 127-Q).

123. On his invoices Tveter used the word "ours" to refer to tickets Tveter made, as opposed to tickets made by plaintiffs. The decision to do this was made by defendant Tveter. (Tveter, pg. 787 ln. 6-8). He also used the designation "TAT" or "T.A.T." to designate the sale of TAKE-A-TURN brand products as distinguished from the same of TURN-O-MATIC brand products. (Pl. Exs. 129-H, 129-I, 129-P, 129-Q). Tveter used the designation "(old) (ours)" on his internally generated purchase orders and invoices to indicate when he sold TAKE-A-TURN tickets of his own manufacture designed to fit the TURN-O-MATIC Classic ticket dispenser. (Tveter, pg. 780 ln. 23 - pg. 781 ln. 6, pg. 786 ln. 7 - pg. 787 ln. 29). Tveter used the design "(new) (ours)" on his internally generated purchase orders and invoices to indicate when he was selling TAKE-A-TURN tickets designed to fit the TAKE-A-TURN dispenser or TURN-O-MATIC Mark II dispenser of his own manufacture, and not those tickets made by plaintiffs. Tveter used the designation "(Swedish)" on internally generated purchase orders and invoices to identify his sale of plaintiff's TURN-O-MATIC brand tickets. (Tveter, pg. 805 lns. 28-25; Pl. Ex. 129-G).

124. Tveter would sell plaintiffs' "Classic" model TURN-O-MATIC tickets and his own "Classic" model TAKE-A-TURN tickets for the same price. (Tveter, pg. 794 ln. 11 - pg. 796 ln. 11). In such cases the customer did not save money by receiving TAKE-A-TURN tickets

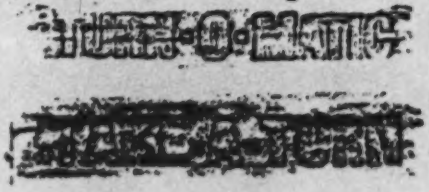
rather than TURN-O-MATIC tickets.

125. Contrary to defendant Tveter's assertion that price is an important factor in the purchase of ticket dispensers and tickets, many customers stated that the price was not as important as proper operation or service. (Graham, pg. 422 ln. 14 - pg. 423 ln. 4; Baxter, pg. 971 ln. 23 - pg. 972 ln. 25; Burgess, pg. 304 lns. 19-25; Mar, Pl. Ex. 123 pg. 14 lns. 5-12; Wagner, pg. 950 lns. 18-24).

126. Tveter uses the name and mark TAKE-A-TURN on his price list and invoices in the same location, manner and style in which he formerly used the name and mark TURN-O-MATIC. (Pl. Exs. 136, 61-A, 61-C, 153, 129-I).

J. Trademark Infringement, Production Simulation and Palming Off

127. The marks TURN-O-MATIC and TAKE-A-TURN are similar in sound, in appearance and in meaning. Both begin with the same sound, have short beginning and ending words hyphenated against a single middle letter and are used in identical ways and locations on the products of plaintiffs and defendants. Both contain as a dominant part the work "TURN". The following are rubbings made directly from the identical location on plaintiffs' and defendants' dispensers showing the respective marks of the parties as used on the products.



128. Tveter's TAKE-A-TURN products (ticket dispensers, tickets and number indicators) are identical to plaintiffs' TURN-O-MATIC products in function and appearance. (Pl. Exs. 10, 25, 42A, 43A, 106).

129. The evidence from many witnesses and exhibits establishes trademark infringement, product simulation and passing off.

130. William Graham, the hardware buyer for Truitt and White Lumber Co. in Berkeley, California, defendants' customer, is responsible for the purchase of tickets, indicators and ticket dispensers for that store. (Graham pg. 412 ln. 10-19). He received the TAKE-A-TURN ticket dispenser after making a call to SGT Enterprises to buy more tickets for the Classic dispenser (like Pl. Ex. 7-B). He was told that the tickets for the original dispenser no longer were available to SGT Enterprises because of an increase in the cost of paper and that a salesman would be by to exchange the Classic for a new dispenser that would handle a new form of ticket at a lower cost. (Graham pg. 413 ln. 16-27). The new dispenser was supplied at no charge to the customer (Pl. Ex. 122 WG-3). Neither the salesman nor the person with whom Graham talked on the phone at SGT Enterprises ever told him that the new dispenser was not a TURN-O-MATIC or that SGT Enterprises now sold TAKE-A-TURN and not TURN-O-MATIC. (Graham pg. 413 ln. 28 - pg. 415 ln. 13).

131. Tveter's customer Graham believed that the brand name of the TAKE-A-TURN dispenser he received was TURN-O-MATIC since he was familiar with the indicator and Classic dispenser as being

TURN-O-MATIC brand, and neither his conversations or written communications with SGT Enterprises, nor the labeling of the TAKE-A-TURN dispenser, did anything to disspell that belief. (Graham pg. 414 ln. 16 - pg. 415 ln. 20, pg. 425 ln. 13 - pg. 426 ln. 2).

132. Defendants' customer Graham assumed that the TAKE-A-TURN ticket dispenser was probably made in Sweden, since he was familiar with TURN-O-MATIC products and knew that they were made in Sweden. (Graham pg. 414 ln. 28 - pg. 415 ln. 2).

133. The TAKE-A-TURN ticket dispenser operated poorly at Truitt and White Lumber Co. Instead of dispensing tickets one at a time, they came out in a continuous stream. Truitt and White found that the Classic TURN-O-MATIC ticket dispenser had operated better than the TAKE-A-TURN ticket dispenser, and even tried to get the Classic model back from SGT Enterprises, but was told that they did not handle the Classic anymore. (Pg. 46 ln. 20 - pg. 417 ln. 24). Truitt and White called SGT Enterprises and mentioned the failing of the TAKE-A-TURN ticket dispenser probably three times. SGT Enterprises did eventually come out and put some red cloth tape on the tongue at the bottom of the dispenser which helped it to work a little bit better. (Graham pg. 417 ln. 25 - pg. 419 ln. 20).

134. The most important factor in the choice of a ticket dispenser to defendants' customer Graham is that the ticket dispenser work properly so that a single ticket comes out each time. Price is not an important factor to him

or to Truitt and White, and in fact they would pay a higher price for something that would give them good service as they did in purchasing a TURN-O-MATIC Mark II ticket dispenser, to replace the free TAKE-A-TURN ticket dispenser. (Graham pg. 419 ln. 21 - pg. 420 ln. 12, pg. 422 ln. 14 - pg. 423 ln. 9).

135. The TAKE-A-TURN and Mark II TURN-O-MATIC ticket dispensers looked confusingly similar in appearance to defendants' customer Graham. At a quick glance he could not really tell them apart until he took a detailed look at them. (Graham pg. 420 ln. 20 - pg. 421 ln. 11). Defendants' customer William Graham testified that the marks TAKE-A-TURN and TURN-O-MATIC were similar to him in appearance, (Graham, pg. 416 ln. 10-16, pg. 424 ln. 22 - pg. 425 ln. 1), in sound (Graham, pg. 416 ln. 17-18), and in meaning (Graham, pg. 416 ln. 19). Although color made a difference to Mr. Graham, he purchased a red ticket dispenser, the color which both the TURN-O-MATIC and the TAKE-A-TURN came in. (Graham pg. 426 ln. 9-16, Pl. Ex. 25, Pl. Ex. 10).

136. Wayne Lassen, the owner of a Baskin-Robbins store in New Orleans, Louisiana, ordered a TURN-O-MATIC Mark II ticket dispenser from a brochure (Pl. Ex. 108, pg. 14 ln. 5 - pg. 15, ln. 24). Tveter's customer/distributor, TURN-O-MATIC of Texas, sent Mr. Lassen a TAKE-A-TURN dispenser in response to his order from the TURN-O-MATIC brochure (Pl. Ex. 21; Pl. Ex. 108, pg. 15 ln. 25 - pg. 19 ln. 1). Although Mr. Lassen thought the dispenser looked cheap compared to the dispenser shown in the picture in the brochure (Pl. Ex. 108,

pg. 12 ln. 12-21) he was unaware that the unit he received in response to his order for a TURN-O-MATIC dispenser was in fact defendants' TAKE-A-TURN dispenser until Mr. Ericson visited him in his store. (Pl. Ex. 108, pg. 19 ln. 22 - pg. 20 ln. 20, pg. 26 ln. 9-17).

137. After Mr. Lassen received the TAKE-A-TURN dispenser in response to his order for TURN-O-MATIC dispenser he was confused by the similarity between what he ordered and what he received (Pl. Ex. 118, pg. 21 ln. 5 - pg. 22 ln. 16; Def. Ex. BA-1 pg. 64 ln. 1-13).

138. The only difference Mr. Lassen noticed between the TAKE-A-TURN dispenser which he received (Pl. Ex. 21) and the TURN-O-MATIC ticket dispenser which he ordered (Pl. Ex. 23-B) was that the color of the TAKE-A-TURN dispenser looked a duller red, (Pl. Ex. 108, pg. 27 ln. 1-10, pg. 36, ln. 4 - pg. 37 ln. 18) but this difference was insufficient to make him realize that he was not shipped what he had ordered (Pl. Ex. 108).

139. Baskin-Robbins in New Orleans was forced to purchase a new ticket dispenser because it was told that tickets were no longer available for the TURN-O-MATIC Classic ticket dispenser which had come with the store's purchase. Mr. Lassen had expected that he would be able to get tickets for that dispenser and be able to continue using it. He was displeased when he found out that he had to buy a new ticket dispenser because tickets were unavailable for the TURN-O-MATIC Classic. (Pl. Ex. 108, pg. 15 ln. 7-19) Lassen had a choice between a TURN-O-MATIC dispenser and a TAKE-A-TAB dispenser (Pl. Ex. 44-B) for

the same price and selected the TURN-O-MATIC dispenser. (Pl. Ex. 23-A, Pl. Ex. 108, pg. 11 ln. 10-11, pg. 15 ln. 20-24). Baskin-Robbins in New Orleans did not receive a free exchange of the TAKE-A-TURN dispenser for the Classic TURN-O-MATIC dispenser, but was charged $15 for the new dispenser. (Pl. Ex. 23-D, Pl. Ex. 108, pg. 15 ln. 20 - pg. 18 ln. 14)

140. The TURN-O-MATIC of Texas letter to customers (Pl. Ex. 23-A) effected passing off of Tveter's TAKE-A-TURN dispenser as plaintiff's TURN-O-MATIC Mark II dispenser by implying that the manufacturer of "TURN-O-MATIC dispenser and tickets" was "our supplier [who is] setting up domestic production with a newly designed dispenser and tickets." (text of Pl. Ex. 23-A)

141. Tveter's customer/distributor, TURN-O-MATIC of Texas, was able to pass off upon its customer, Baskin-Robbins in New Orleans, Louisiana, a TAKE-A-TURN dispenser as a TURN-O-MATIC Mark II ticket dispenser because of the similarity in appearance between the TURN-O-MATIC Mark II dispenser portrayed in the brochure and the TAKE-A-TURN dispenser which Lassen received. (Pl. Ex. 108; Ex. 23-B, Ex. 25 and Ex. 10)

142. The owner and manager of the Baskin-Robbins ice cream store in Houston, Texas was shown and demonstrated a TURN-O-MATIC Mark II ticket dispenser by a customer/distributor of Tveter, Ed Cole of TURN-O-MATIC of Texas. (Pl. Ex. 116, pg. 9 ln. 6 - pg. 11 ln. 5) On seeing the success of the operation of the TURN-O-MATIC Mark II dispenser, Mr. Bogue ordered the TURN-O-MATIC dispenser from the distributor (Pl. Ex. 116,

pg. 11 ln. 4-14). The distributor sent Mr. Bogue one of defendants' TAKE-A-TURN ticket dispensers. Only after the TAKE-A-TURN dispenser failed to operate satisfactorily, did Mr. Bogue discover that he had been sold a TAKE-A-TURN dispenser instead of the TURN-O-MATIC brand dispenser which had been demonstrated to him and which he had ordered (Pl. Ex. 116, pg. 12 ln. 1 - pg. 13 ln. 12)

143. Mr. Bogue expressed his dissatisfaction to Tveter's customer/distributor with the TAKE-A-TURN dispenser and the distributor sent Mr. Bogue another TAKE-A-TURN dispenser, this time with a bar. This dispenser operated as poorly as the first TAKE-A-TURN dispenser he received. (Pl. Ex. 116, pg. 14 ln. 19 - pg. 15 ln. 14) Mr. Bogue then got the address of defendant SGT Enterprises in California and wrote them specifically asking for the TURN-O-MATIC ticket dispenser. He specifically underlined TURN-O-MATIC (pg. 63 ln. 25 - pg. 64 ln. 1) and asked them to send him a TURN-O-MATIC or let him know who was handling the TURN-O-MATIC equipment. (Pl. Ex. 116, pg. 13 ln. 14-25, pg. 34 ln. 11-23, pg. 36 ln. 4-13) Mr. Bogue never received any written reply to his letter (Pl. Ex. 116, pg. 19-24), but did receive a third TAKE-A-TURN ticket dispenser from SGT Enterprises (Pl. Ex. 116, pg. 14 ln. 1-6, pg. 36 ln. 24 - pg. 37 ln. 22). By this time Mr. Bogue was aware that it was the same type of dispenser as the two he had previously received from Ed Cole. (Pl. Ex. 116, pg. 14 ln. 7-9, pg. 37 ln. 3-7)

144. Knowing that the TAKE-A-TURN dispenser which he received from SGT Enterprises was not the TURN-O-MATIC unit which had been demonstrated to him,

Mr. Bogue then called the regional office of Baskin-Robbins, which called SGT Enterprises, and SGT Enterprises then called Mr. Bogue. The woman who called from SGT Enterprises did not say a word about TURN-O-MATIC. She did not tell Mr. Bogue they were not handling TURN-O-MATIC. When Mr. Bogue asked if she was the TURN-O-MATIC dealer she did not say anything. When Mr. Bogue asked for a TURN-O-MATIC dispenser and tickets, she did not reply but hung up the phone on him. (Pl. Ex. 116, pg. 16, ln. 8 - pg. 17 ln. 4, pg. 61 ln. 14 - pg. 62 ln. 19)

145. Then Mr. Bogue wrote a letter to Mr. Gary Staiti at Baskin-Robbins' headquarters in Burbank, California (Pl. Ex. 116, pg. 17 ln. 18-24). Mr. Bogue asked Mr. Staiti to supply him with the name of the distributor for the TURN-O-MATIC products. He explained that a new type of dispenser had been demonstrated to him in Texas, that he had ordered it, and that he had received a useless substitute rather than the machine he had ordered. He explained how he then wrote to SGT Enterprises in San Jose to inquire about TURN-O-MATIC equipment and they shipped him the same phony dispenser which, again, was not the one which had been demonstrated to him. (Pl. Ex. 116, pg. 17 ln. 18 - pg. 20 ln. 1; Pl. Ex. 116-JB-3)

146. Mr. Bogue was completely dissatisfied with the operation of the TAKE-A-TURN dispenser. He described the tickets as coming out of it like toilet paper (Pl. Ex. 116, pg. 15 ln. 12-14). Mr. Bogue characterized the TAKE-A-TURN dispenser as "the phoniest thing they've ever put on the market."

Bogue said that the TAKE-A-TURN dispenser worked so poorly that a customer could get 10 or 12 numbers at a time and it wouldn't dispense at all when the tickets got down to half a roll. (Pl. Ex. 116, pg. 43 ln. 8-16, pg. 44 ln. 13-22)

147. Defendants' customer/distributor, TURN-O-MATIC of Texas, was able to pass off upon Baskin-Robbins of Houston, Texas, a TAKE-A-TURN dispenser as a TURN-O-MATIC dispenser because of the similarity between the two dispensers. (Pl. Ex. 25 and Pl. Ex. 10, Finding 142)

148. As a result of his correspondence with Mr. Staiti (Pl. Ex. 116-JB-3) Mr. Bogue received a TURN-O-MATIC Mark II ticket dispenser from plaintiff, Scandus, Inc. (Pl. Ex. 116, pg. 32 ln. 14 - pg. 33 ln. 11) He characterized the TURN-O-MATIC Mark II ticket dispenser as the "grandest piece of equipment" he ever had. He said that with it there is "never a mishap" and each time a customer pulls it, it dispenses one ticket at a time. He said "it's like having another employee" and that it's "the best piece of equipment" he has in the place. (Pl. Ex. 116, pg. 9 ln. 2-5, pg. 22 ln. 20 - pg. 23 ln. 18)

149. Mr. Bogue was familiar with the TURN-O-MATIC trademark and knew that the Classic ticket dispenser he had in the store when it bought it was a TURN-O-MATIC ticket dispenser (Pl. Ex. 116, pg. 4 ln. 13 - pg. 5 ln. 3)

150. A working ticket dispenser which functions to dispense a single ticket to each customer is very essential in an ice cream store (Pl. Ex. 116, pg. 8 ln. 12 - pg. 9 ln. 5) The brand

of ticket dispenser which Mr. Bogue had was extremely important to him. TURN-O-MATIC products had a good reputation with him and he did not feel that the TAKE-A-TURN unit shipped to him lived up to the quality of TURN-O-MATIC products. (Pl. Ex. 116, pg. 24 ln. 7-9, pg. 23 ln. 19-21)

151. After Mr. Bogue came to understand that the TAKE-A-TURN ticket dispenser had been substituted for the TURN-O-MATIC ticket dispenser he had ordered, he believed that he had been "taken" by Tveter's customer/distributor, Ed Cole, who was also a personal friend of Mr. Bogue. (Pl. Ex. 116, pg. 25 ln. 4-18, pg. 41 ln. 8-14, pg. 44 ln. 14-22, pg. 54 ln. 9-13)

152. Mr. Bogue was actually confused by the similarity in appearance between the TAKE-A-TURN received and TURN-O-MATIC Mark II ticket dispenser demonstrated. (Pl. Ex. 116, pg. 25 ln. 16-25, pg. 6 ln. 15-17, pg. 10 ln. 11 - pg. 11 ln. 3, pg. 12 ln. 15-16, pg. 13 ln. 10-11)

153. Defendants' customer Burgess, owner of the Baskin-Robbins store in Walnut Creek, California, (Burgess pg. 299 ln. 22-25) was solicited by SGT Enterprises over the telephone to purchase the TAKE-A-TURN ticket dispenser. The customer described to the caller from SGT Enterprises the dispenser he wanted as the round red, modern-looking one, believing that he had described the TURN-O-MATIC Mark II dispenser which he had seen in another Baskin-Robbins store on Clayton Road. (Pl. Ex. 117-BB-4) Burgess indicated that he might have even made reference

to that store in his conversation with the man from SGT Enterprises, and was clearly thinking of the TURN-O-MATIC Mark II ticket dispenser in that store when he ordered the ticket dispenser from SGT.(pg. 300 ln. 22 - pg. 302 ln. 6)

154. Even after purchasing and receiving the TAKE-A-TURN machine from SGT Enterprises, Burgess believed that he had a TURN-O-MATIC brand ticket dispenser, that the ticket dispenser he had was made by the same manufacturer as the TURN-O-MATIC Classic ticket dispenser, and that the TAKE-A-TURN ticket dispenser he had was made by the same company that made the TURN-O-MATIC wall indicator. (Burgess pg. 302 ln. 3-6, pg. 302 ln. 22 - pg. 303 ln. 6)

155. After defendants' customer Burgess learned that he had been passed off a TAKE-A-TURN dispenser for the TURN-O-MATIC dispenser which he thought he was getting, he knew that what he wanted was a TURN-O-MATIC machine. (Burgess pg. 305 ln. 17-25)

156. Tveter's invoicing, packaging and labeling never made it clear to his customer Burgess that the ticket dispenser he was selling was not a TURN-O-MATIC. Even where Tveter crossed out the trademark TURN-O-MATIC on his invoice the TURN-O-MATIC still came through very clearly to Tveter's customers. (Burgess pg. 306 ln. 6 - pg. 308 ln. 8)

157. The TAKE-A-TURN ticket dispenser at Burgess' Baskin-Robbins worked very poorly. It would dispense several tickets at a time, sometimes 10 or 20, or as long as the customer wanted to

continue to pull it and was a problem. (Burgess pg. 311 ln. 1-11)

158. Witness Burgess testified that he had been actually confused by the similarity in appearance between the defendants' TAKE-A-TURN ticket dispenser and plaintiff's Mark II TURN-O-MATIC ticket dispenser. (Burgess pg. 303 ln. 24 - pg. 304 ln. 4)

159. Defendants' customer Burgess has stumbled over and actually confused the marks TAKE-A-TURN and TURN-O-MATIC. When he looks at the two marks on the face of a ticket dispenser he confuses them. (Burgess pg. 309 ln. 28 - pg. 310 ln. 18) The TAKE-A-TURN and TURN-O-MATIC marks are similar because, as he described it, they are both three-word phrases, hyphenated, and the word TURN appears in both of them. (Burgess pg. 304 ln. 15-18)

160. The most important factor to Burgess in purchasing a ticket dispenser was that it operate as it was designed to, that is, that the customer should get one ticket and one ticket only when he pulls on it. This was even more important to them than the cost of operating the ticket dispenser.(pg. 304 ln. 19-25)

161. Mr. Burgess was familiar with the style and appearance of the Mark II ticket dispenser, recognized it as distinctive and indicating the Mark II ticket dispenser, and found the shape and appearance pleasing and desirable. (Burgess pg. 301 ln. 7-22)

162. Mrs. Jame Emanuel is the owner/manager of a Baskin-Robbins store in Pleasant Hill, California. (pg. 285 ln.

20 - pg. 286 ln. 1) She had previously seen the TURN-O-MATIC Mark II ticket dispenser in another Baskin-Robbins store and, knowing it to be the one that Baskin-Robbins was now installing in ice cream stores, ordered what she believed was a TURN-O-MATIC dispenser from Tveter's brochure. (Pg. 287 ln. 1 - pg. 289 ln. 5) Even after receiving the TAKE-A-TURN dispenser in Tveter's packaging and labeling and seeing it and Tveter's invoice, she still believed that she had the TURN-O-MATIC brand ticket dispenser which he had seen in the other Baskin-Robbins store on Clayton Road. (pg. 291 ln. 5-16, pg. 288 ln. 3 - pg. 289 ln. 5, pg. 290 ln. 2-7) Mrs. Emanuel believed the TAKE-A-TURN dispenser she received was made by the same company that made her store's TURN-O-MATIC indicator. (pg. 288 ln. 3-9) Neither Tveter nor any of his representatives ever told Mrs. Emanuel that the TAKE-A-TURN dispenser being sold by defendants was not a TURN-O-MATIC. (Emanuel pg. 291 ln. 5-16)

163. Mrs. Emanuel was actually confused by the similarity between the Mark II TURN-O-MATIC and the TAKE-A-TURN ticket dispensers (pg. 290 ln. 25 - pg. 291 ln. 4, pg. 288 ln. 3-7, 12-13, pg. 289 ln. 10-18) The shape and configuration of the Mark II TURN-O-MATIC ticket dispenser had acquired a secondary meaning to witness Emanuel, who had seen it elsewhere, remembered it, and associated its appearance with plaintiff's products. (pg. 287 ln. 1 - pg. 289 ln. 18)

164. Defendants' customer Emanuel actually confused the marks TAKE-A-TURN and TURN-O-MATIC. (pg. 290 ln. 25 - pg. 291 ln. 1, pg. 291 ln. 28 - pg. 292

ln. 1) Witness Emanuel found the marks TAKE-A-TURN and TURN-O-MATIC similar in both sound and meaning. (Emanuel pg. 292 ln. 2-12, ln. 17-28, pg. 293 ln. 1-3)

165. Tveter's literature and representations, coupled with the similarity between his ticket dispenser and that of plaintiffs, caused Mrs. Emanuel to order the TAKE-A-TURN dispenser when she desired and believed she was ordering the TURN-O-MATIC dispenser. (Emanuel pg. 287 ln. 1 - pg. 289 ln. 18)

166. Victor Mar, President and General Manager of Center Auto Parts, defendants' customer, is responsible for the purchase of ticket dispensing equipment. (Ex. 122, pg. 3 ln. 28 - pg. 4 ln. 8) Mar optained a free (see no charge invoice, Pl. Ex. 122-VM5) TAKE-A-TURN dispenser after calling SGT Enterprises to buy more tickets for his TURN-O-MATIC Classic dispenser. Over the phone, Mr. Tveter advised Mr. Mar that there was a new machine out with tickets that were nearly half the price of the old ones. (Pl. Ex. 122, pg. 7 ln. 15 - pg. 8 ln. 6, pg. 24 ln. 19 - pg. 25 ln. 2)

167. Mar assumed that the TAKE-A-TURN machine was made by the same company that made the Classic TURN-O-MATIC machine and the wall indicator. Mr. Mar had an indicator in his Center Auto Parts for a minimum of six or seven years and knew it was a TURN-O-MATIC mechanical indicator. (Pl. Ex. 122, pg. 21 ln. 7-12) He had not been told by Mr. Tveter that SGT Enterprises no longer carried TURN-O-MATIC. (Pl. Ex.

122, pg. 17 ln. 12-20, pg. 25 ln. 3-14, pg. 6 ln. 17-22)

168. The price of the tickets for the ticket dispenser was not a big determing factor for Center Auto Parts in the choice of a ticket dispenser. (Pl. Ex. 122, pg. 14 ln. 5-12) If, at the time he acquired the TAKE-A-TURN dispenser in March of 1975, he was given the opportunity to purchase a new ticket dispenser made by the company who made the Classic, or a new machine made by a different company, all other things being equal, including price, Mar would stick with the old manufacturer. (Pl. Ex. 122, pg. 16 ln. 4 - pg. 17 ln. 1) Center Auto Parts trys to adhere to national brands against unknown or independent brands in purchasing a ticket dispenser. (Pl. Ex. 122, pg. 29 ln. 20-26)

169. Center Auto Parts interchangeably used the terms TURN-O-MATIC and TAKE-A-TURN. Mr. Mar testified that phonetically they nearly sound the same so they never paid much attention to them. (Pl. Ex. 122, pg. 5 ln. 1-9)

170. When asked to compare a TAKE-A-TURN and a Mark II TURN-O-MATIC ticket dispenser to identify which machine he now had, Mr. Mar stated that to him, both the TAKE-A-TURN and Mark II TURN-O-MATIC dispensers looked practically identical. It was only because of the presence of the metal clip on the lower lip of the TURN-O-MATIC that he was able to identify the TURN-O-MATIC machine which he had in his store. (Pl. Ex. 122, pg. 12 ln. 14 - pg. 13 ln. 9)

171. Witness Robb, Assistant Manager of the food operation at the San Francisco Woolworth's, the highest volume food operation in the Woolworth's store chain, testified that those who had responsibility for ordering ticket dispensers, indicators and tickets, reported to him, and that he had inquired of everyone in the department who would have anything to do with the ticket dispensers, but could not determine how Woolworth's Classic TURN-O-MATIC ticket dispenser was replaced by defendants' TAKE-A-TURN ticket dispenser. Mr. Robb testified that all these persons said that no one had approached them about putting in a new or different ticket dispenser, or anything. (Robb, pg. 389 ln. 23 - pg. 390 ln. 19 - pg. 392 lns. 9-16, pg. 404 ln. 23 - pg. 405 ln. 23, pg. 410 lns. 2-14).

172. When defendants' TAKE-A-TURN ticket dispenser was in Woolworth's, Mr. Robb believed that the brand name of the ticket dispenser was TURN-O-MATIC and he had no reason to believe that the TAKE-A-TURN ticket dispenser was made by any other company than Scandus. He further believed that the TAKE-A-TURN ticket dispenser was made by the same company that made the Classic TURN-O-MATIC ticket dispenser and was an improvement of the Classic dispenser in design and looks. (Robb, pg. 395 lns. 13-15, pg. 396 lns. 7-11, pg. 399 lns. 13-19).

173. To defendants' customer Robb the TURN-O-MATIC Mark II and TAKE-A-TURN ticket dispensers are very similar to each other having only a difference in the bracket that holds the dispenser onto the counter and some internal differences such as a bar and metal clip at the point

where the ticket is removed. (Robb, pg. 406 ln. 17 - pg. 407 ln. 17).

174. Mr. Robb associated the trademark TURN-O-MATIC with products made by Scandus, and in particular, with the TURN-O-MATIC Classic machine, which had been installed in his store from four to six years earlier. (Robb, pg. 393 lns. 2-14, pg. 396 lns. 2-11, pg. 411 ln. 4-6, pg. 390 lns. 15-19).

175. Tveter's customer Robb actually confused the marks TAKE-A-TURN and TURN-O-MATIC in speech. (Robb, pg. 396 lns. 9-11, 15-26). To witness Robb the marks TAKE-A-TURN and TURN-O-MATIC are similar because they have almost the same words and almost the same number of letters, both having four letters, a hyphen, a letter, and another hyphen. The witness stated that the marks are similar in appearance such that if you were not concentrating on the words you could say that they even "looked the same". (Robb, pg. 397 lns. 4-14).

176. The suffix "MATIC" did not mean to Mr. Robb that there should be some automatic working of the machine which bore the name TURN-O-MATIC. When he hears the name "MATIC" he does not, in the abstract, think of the longer word "automatic". (Robb, pg. 410 lns. 18-27).

177. Mr. Robb indicated that the TAKE-A-TURN dispensers operated poorly, dispensing strips of tickets rather than individual ones, increasing the cost of tickets and causing difficulties for staff and customers. (Robb, pg. 401 ln. 12 - pg. 402 ln. 11).

178. Tveter's customer Pratt, a buyer for ticket dispensing products at Payless Drugs, called SGT to order a new dispenser because their TURN-O-MATIC Classic dispenser had been dropped and had broken. He was not told by SGT that what he received was made by a different company than that which made the Classic. SGT represented to Payless Drugs, (Oakland, California), that the replacement (actually a TAKE-A-TURN ticket dispenser) was "an improved model" of the Classic TURN-O-MATIC ticket dispenser. (Pratt, pg. 275 lns. 21-26). Mr. Pratt assumed the TAKE-A-TURN ticket dispenser was made by the same company that made the TURN-O-MATIC Classic ticket dispenser and the TURN-O-MATIC indicator. (Pratt, pg. 275, ln. 17, pg. 276, ln. 14).

179. Price was not a factor for consideration to Pratt in ordering for Payless. (Pratt, pg. 277 lns. 23-26 - pg. 283 lns. 23-26).

180. Pratt was actually confused by the similarity in appearance of the TAKE-A-TURN machine to the Mark II TURN-O-MATIC ticket dispenser. He could not even tell which machine was which without specifically looking at the names imprinted on the front of the machines. (Pratt, pg. 281 lns. 15-28). Pratt actually confused the marks TAKE-A-TURN and TURN-O-MATIC. (Pratt pg. 282 lns. 2-10). He believed that the marks TAKE-A-TURN and TURN-O-MATIC sound similar. (Pratt, pg. 284 lns. 2-7) and he recognized the trademarks TURN-O-MATIC and TAKE-A-TURN as brand names. (Pratt, pg. 277 lns. 19-22).

181. When plaintiff had a booth advertising the TURN-O-MATIC Mark II ticket dispenser at a trade show, and defendants also had a booth at the trade show to advertise their TAKE-A-TURN ticket dispenser, customers were actually confused by the similarity between the dispensers or the trademarks and entered the wrong booth or believed that the companies were selling the products of each other. (Ericson, pg. 601 lns. 12-17 - pg. 615 lns. 8-18; Tveter, pg. 896 lns. 6-15).

182. Defendant Nakagawa himself said that the TAKE-A-TURN and TURN-O-MATIC Mark II ticket dispensers are confusing in appearance. (Pl. Ex. 157, pg. 33 ln. 22 - pg. 34 ln. 15).

183. Sears, Roeburk & Co. in Costa Mesa, California solicited a "TURN-O-MATIC Company" at plaintiff's address for the purchase of defendants' TAKE-A-TURN tickets. The solicitation requested TAKE-A-TURN tickets and had attached to it two of Tveter's TAKE-A-TURN tickets. The "TURN-O-MATIC Company" addressed does not in fact exist nor does plaintiff normally sell TAKE-A-TURN tickets; yet the customer was confused and sent plaintiff the order for defendants' TAKE-A-TURN tickets. (Pl. Ex. 144-A; Fernquist, pg. 438 lns. 7-22).

184. Sears, Roebuck & Co. in Costa Mesa, California was actually confused by the trademarks TURN-O-MATIC and TAKE-A-TURN having sent an order to a TURN-O-MATIC Company at plaintiff's address requesting TAKE-A-TURN tickets, tickets which were ordinarily sold by defendants and not plaintiff. (Pl. Ex. 144-A, Fernquist, pg. 438 lns. 7-22).

185. The Baskin-Robbins store in Midland, Texas sent plaintiff a request for TURN-O-MATIC tickets normally sold by plaintiff, but attached to the request a TAKE-A-TURN ticket, the latter being tickets sold normally not by plaintiff, but by defendants. (P. Ex. 145, Fernquist, pg. 441 ln. 17, pg. 443 ln. 25, pg. 444 lns. 10-12, lns. 23-25.

186. The Baskin-Robbins store in Midland, Texas was actually confused by the trademarks TURN-O-MATIC and TAKE-A-TURN having attached a TAKE-A-TURN ticket to a request to plaintiff for TURN-O-MATIC tickets. (Pl. Ex. 145, Fernquist, pg. 441 ln. 17, pg. 443 ln. 25, pg. 444 lns. 10-12, lns. 23-25).

187. Tveter's customer, Montgomery Ward in Omaha, Nebraska ordered TURN-O-MATIC tickets from Tveter in February, 1975. The merchandise order specified TURN-O-MATIC tickets and referred to a sample of the ordered tickets attached to the merchandise order. That sample was a TURN-O-MATIC ticket of the type used in the TURN-O-MATIC Mark II ticket dispenser. In response to this order SGT sold Montgomery Ward not the plaintiff's TURN-O-MATIC tickets which were ordered, but rather Tveter's TAKE-A-TURN tickets. (Tveter, pg. 776, ln. 3 - pg. 779, ln. 17; Pl. Ex. 129-0).

188. In January, 1975 the Employment Development Department through its San Francisco office twice ordered TURN-O-MATIC tickets from Tveter. (Pl. Exs. 129-R and 129-S). In response to both orders for TURN-O-MATIC tickets SGT sold the Employment Development Department TAKE-A-TURN tickets, rather than the

TURN-O-MATIC tickets which the customer ordered. (Pl. Exs. 129-R, 129-S; Tveter, pg. 779 ln. 18 - pg. 783 ln. 2).

189. Sears, Roebuck & Co. in Lancaster, California returned TAKE-A-TURN tickets to Tveter in February, 1975. On the return goods invoice, Sears denominated the tickets which were being returned as TURN-O-MATIC brand tickets, rather than as TAKE-A-TURN brand tickets which in fact were being returned. (Pl. Ex. 129-K; Tveter, pg. 788 ln. 5 - pg. 791 ln. 2).

190. Sears, Roebuck & Co. in Cupertino, California ordered TURN-O-MATIC tickets from Tveter in January, 1975. Sears sent Tveter a purchase order which requested TURN-O-MATIC numbers. The purchase order was prepared after a telephone conversation with Tveter's employee and still called for TURN-O-MATIC numbers. In response to the purchase order SGT sold Sears TAKE-A-TURN tickets manufactured by Tveter to fit the Classic TURN-O-MATIC ticket dispenser. (Pl. Ex. 129-E; Tveter, pg. 791 ln. 5 - pg. 796 ln. 11, pg. 780 ln. 20 - pg. 781 ln. 6).

191. Ft. Ord Exchange, through the Golden Gate Exchange Region in San Francisco, ordered TURN-O-MATIC tickets from Tveter in February, 1975. The purchase order specified TURN-O-MATIC tickets. In response to that order SGT shipped TAKE-A-TURN tickets of the new type which would fit the TAKE-A-TURN dispenser or Mark II TURN-O-MATIC dispenser. (Pl. Ex. 129-V; Tveter, pg. 799 ln. 2 - pg. 803 ln. 4).

192. Sears, Roebuck & Co. in San Bruno, California ordered TURN-O-MATIC numbers from Tveter in February, 1975. The order was reflected in a purchase order specifying TURN-O-MATIC numbers and referencing an attached sample of a Classic TURN-O-MATIC ticket. (Pl. Ex. 129-G; Tveter, pg. 806 lns. 1-4). In March, 1975 the same store, Sears/ San Bruno, again ordered TURN-O-MATIC numbers from Tveter and referenced an attached sample TURN-O-MATIC ticket for the Classic TURN-O-MATIC ticket dispenser. In response to that March order for TURN-O-MATIC products, SGT shipped the customer TAKE-A-TURN tickets and three free TAKE-A-TURN ticket dispensers. (Pl. Ex. 129-H; Tveter, pg. 807 lns. 3-16). In September, 1975 the same customer, Sears/San Bruno, sent Tveter a purchase order calling for TURN-O-MATIC tickets and referencing an attached sample which was not a TURN-O-MATIC ticket, but rather a TAKE-A-TURN ticket. (Pl. Ex. 129-I; Tveter, pg. 807 ln. 21 - pg. 808 ln. 5). In response to the September, 1975 order for TURN-O-MATIC tickets for Sears/San Bruno, SGT sold TAKE-A-TURN tickets, not TURN-O-MATIC tickets. (Pl. Ex. 129-I; Tveter, pg. 807 ln. 26 - pg. 808 ln. 5).

193. Sears, Roeburk & Co. in San Bruno recognized Classic TURN-O-MATIC tickets as TURN-O-MATIC brand tickets. (Pl. Ex. 129-G; Pl. Ex. 129-H). Sears, Roebuck & Co. in San Bruno either was actually confused by the marks in September and erroneously believed that TAKE-A-TURN tickets were TURN-O-MATIC tickets, or was passed off TAKE-A-TURN tickets by SGT in March, 1975 and believed that what

was then received were TURN-O-MATIC tickets. In either event, Sears/San Bruno believed that Tveter was still selling TURN-O-MATIC brand tickets, and was not told by Tveter that he was carrying TAKE-A-TURN tickets and not TURN-O-MATIC tickets. (Pl. Ex. 129-G; Pl. Ex. 129-H; Pl. Ex. 129-I).

194. Sears, Roebuck & Co. in Mountain View, California ordered TURN-O-MATIC tickets from Tveter in February, 1975. In response to this order, SGT shipped the customer TAKE-A-TURN tickets and a TAKE-A-TURN dispenser, both tickets and dispenser being made by Tveter and bearing the TAKE-A-TURN brand and not the TURN-O-MATIC brand. (Pl. Ex. 129-D; Tveter pg. 808 ln. 10-19).

195. If SGT had a telephone conversation with Sears in Mountain View, California which the purchase order suggests was the case, SGT did not communicate to the customer that it was no longer selling TURN-O-MATIC tickets since the customer continued to order them or, if it did communicate this fact, the customer was confused by the similarity between the marks TAKE-A-TURN and TURN-O-MATIC. (Pl. Ex. 129-D; Tveter, pg. 791 lns. 9-21, pg. 808 lns. 13-19).

196. In July, 1975 SGT filled an order for TURN-O-MATIC tickets from Montgomery Ward in Oakland, California with TAKE-A-TURN, rather than TURN-O-MATIC, tickets. (Pl. Ex. 129-P).

197. In November 1975, Montgomery Ward in Rosedale, Maryland associated SGT Enterprises with TURN-O-MATIC brand products and sent an order to "S.G.T. Enterprises TURNOMATIC". TAKE-A-TURN

tickets were shipped by SGT in response to that order. (Pl. Ex. 129-Q)

198. Defendants' customers associated the TURN-O-MATIC trademark with plaintiff's product and used that trademark to indicate on purchase orders that they wished to purchase the products of plaintiff. (Pl. Ex. 129-G, 129-H, 129-O, 129-R, 129-S, 129-K, 129-P, 129-E, 129-V, 129-D)

199. Plaintiff's customers actually confusingly, accidentally, or mistakenly used plaintiff's TURN-O-MATIC trademark to indicate on purchase orders that they wished to purchase the TAKE-A-TURN products of Tveter. (Pl. Ex. 129-I, Pl. Ex. 144-A, Pl. Ex. 145)

200. The "DO NOT DUPLICATE" designation on a purchase order from Tveter's customers, including Sears, Roebuck & Co., meant that the customer had already telephoned in its order verbally to Tveter. (Tveter pg. 791 ln. 5-20) Tveter's customers generated purchase orders calling for TURN-O-MATIC tickets even after telephone conversations with Tveter. (Pl. Ex. 129-E and 129-D) Such customers were either confused by the similarity between the marks TAKE-A-TURN and TURN-O-MATIC or were not told in their telephone conversations with Tveter either that Tveter no longer carried TURN-O-MATIC products or that he now carried TAKE-A-TURN brand products. (Tveter pg. 791 ln 6-21; Pl. Ex. 129-D and 129-E)

201. Either Tveter, having tickets bearing the trademark TURN-O-MATIC and others bearing the trademark TAKE-A-TURN, used those tickets interchangeably

without regard to which trademark the tickets bore, or in fact received orders for TURN-O-MATIC trademarked tickets and filled them with TAKE-A-TURN trademarked tickets; in either case Tveter's acts resulted in passing off his tickets as plaintiff's. (Tveter pg. 786 ln. 7 - pg. 787 ln. 29)

202. On contacting Tveter after January 10, 1975, when Tveter was no longer distributing TURN-O-MATIC products, many customers were not told that SGT Enterprises no longer was distributing those products, specifically John Bogue (Pl. Ex. 116, pg. 16-17), Robert Pratt (Pratt pg. 276, ln. 1-5), William Graham (Graham pg. 414 ln. 24-25), Victor Mar (Pl. Ex. 122, pg. 25 ln. 3-5) No witnesses have testified that Tveter made it clear to them that the product he was selling was not manufactured by the manufacturer of the TURN-O-MATIC machine and, in fact, the testimony of several witnesses is to the effect that they believed that the TAKE-A-TURN machine they had was a TURN-O-MATIC machine.

203. The note at the bottom of some SGT-generated invoices indicating "this is our new model dispenser; please return your old model" implies defendants' TAKE-A-TURN dispenser to be a new model TURN-O-MATIC dispenser as the "old" model referred to is the TURN-O-MATIC model. (Pl. Ex. 129-D).

204. Many people were actually confused by the similarity in appearance of plaintiff's Mark II TURN-O-MATIC ticket dispenser and the defendants' TAKE-A-TURN ticket dispensers, specifically Henry Nakagawa (Finding #182), John Bogue

(Finding #152), Wayne Lassen (Finding #137, 141, Jane Emanuel (Finding #163), Brad Burgess (Finding #158), William Graham (Finding #135, Robert Pratt (Finding #180). Many customers were so confused by the devices' similar appearance that they believed they had a TURN-O-MATIC instead of a TAKE-A-TURN device. (Findings 136, 137, 142, 147, 152, 153, 154, 162, 163)

205. Customers recognized plaintiff's TURN-O-MATIC trademark as a brand name and not as descriptive of defendants' products (Findings 149, 150, 174, 193; Burgess p. 302 ln. 3-17) and used the brand name and trademark TURN-O-MATIC to identify a distinctive product they wished to acquire. (Findings 142, 151, 187, 180, 188, 191, 192, 196, 197, 198)

206. Defendants' product, the TAKE-A-TURN dispenser, operated poorly in many of the stores in which it was situated, causing difficulty for customers' staff and clientele. (pg. 311, ln. 1-11, pg. 277 ln. 27 - pg. 278 ln. 14, pg. 400 ln. 12-22, pg. 401 ln. 3-6, pg. 734 ln. 17 - pg. 735 ln. 6, pg. 743 ln. 21 - pg 744 ln. 8, pg. 416 ln. 20 - pg. 419 ln. 27) The fact that these faulty dispensers were believed to be manufactured by plaintiff destroys the good reputation of plaintiff in the marketplace.

207. Many customers who ordered TURN-O-MATIC tickets were shipped TAKE-A-TURN tickets. (Findings 187, 188, 190, 191, 192, 194, 196, 197)

208. Many customers who ordered TURN-O-MATIC products from Tveter after early December, 1974 were shipped TAKE-A-TURN products and believed the products they received were TURN-O-MATIC products

and/or products originating from the same company from whom the TURN-O-MATIC products originate. (Findings 131, 132, 136, 142, 154, 162, 163, 167, 172, 178) Neither customers' communications with SGT Enterprises, wirtten or oral, nor Tveter's labeling of the TAKE-A-TURN dispensers, nor his brochures and new invoice headings have done anytning to dispel that belief.

209. The fact that defendants manufacture a dispenser of the same size, shape, color and function coupled with the facts that defendants formerly distributed plaintiff's products and employ a trademark confusingly similar to plaintiff's, has made it difficult for customers to describe, order and obtain TURN-O-MATIC products.

210. Defendants' customers sent orders to plaintiff for defendants' TAKE-A-TURN tickets. (Findings 183, 185)

211. AFter Tveter cancelled his distribution agreement with TURN-O-MATIC, some of his customers ordered products from Tveter or plaintiff designating on the purchase order "TURN-O-MATIC TICKETS PER THE ATTACHED" to which was attached a sample of the TAKE-A-TURN ticket while other customers ordered "TAKE-A-TURN TICKETS PER THE ATTACHED" to which has been attached a TURN-O-MATIC ticket. (findings 183, 185, 192)

212. Tveter's TAKE-A-TURN trademark is similar in sound, meaning and appearance to plaintiff's TURN-O-MATIC trademark. (Findings 135, 159, 164, 169, 175, 180)

213. Many customers were actually confused by the similarity between the trademarks TAKE-A-TURN and TURN-O-MATIC. (Findings, 159, 164, 175, 180, 184, 186, 195, 199)

214. Numerous customers for the TURN-O-MATIC products of plaintiff and the TAKE-A-TURN products of the defendants have been actually confused as to the source or origin of the goods. (Findings 131, 132, 136, 154, 162, 172, 181, 183, 185)

215. The term TAKE-A-TURN as applied to ticket dispensers, tickets therefor and number indicators for customer numbering systems is a mere colorable imitation of the trademark TURN-O-MATIC for similar goods.

216. The use of the name TAKE-A-TURN on Tveter's dispenser, tickets and number indicators, including the identity of the goods, the similarity of the names TURN-O-MATIC and TAKE-A-TURN, the location and manner of the use of these names on the goods, the nature of the offer for sale and sale of the goods, the channels of distribution of the goods and the specific identity of the customers for the goods, is likely to cause confusion, or to cause mistake or to deceive.

217. Defendant Tveter has palmed off his ticket dispenser, tickets and indicators as those of plaintiff.

II. CONCLUSIONS OF LAW

1. This court has jurisdiction over the parties and jurisiction over the subject matter under 28 U.S.C. 1338(a) and (b). Venue is proper under 28 U.S.C. 1400 and 1391(b).

A. Patent Validity

2. U.S. Letters Patent No. 3,885,724 to Ehrlund and Claims 1-5 thereof are presumed valid and the burden of establishing invalidity for anticipation or on any other basis is on the defendants. 35 U.S.C. 282; Neff Instrument Corp. v. Cohu Electronics, Inc., 298 F.2d 82, 86 (9th Cir. 1961); Western Lighting v. Smoot-Holman Co., 381 F.2d 355, 356 (9th Cir. 1966)); Schlumberger v. Douglas Furniture, 275 F.Supp. 73 (C.D. Cal. 1967).

3. The defendants bear a heavy burden of persuasion by "clear and convincing proof" of the alleged anticipation under 35 U.S.C. 102, obviousness under 35 U.S.C. 103, insufficient disclosure or non-operativeness of the disclosed structure under 35 U.S.C. 112 and the introduction of new matter under 35 U.S.C. 132. Munn v. Jacob E. Decker & Son, 301 U.S. 168, 171 (1937); Radio Corp of America v. Radio Engineering Laboratories, 293 U.S. 1, 7 (1934); Hayes Spray Gun Co. v. E.C. Brown Co., 291 F.2d 319, 322 (9th Cir. 1961); Reeves Instrument Corp. v. Beckman Instruments, Inc., 161 U.S.P.Q. 450, 479, aff'd 444 F.2d 263 (9th Cir. 1961), cert. denied, 404 U.S. 951 (1971). Reasonable doubts must be resolved in favor or validity of the Ehrlund patent. Moon v. Cabot Shops, Inc., 270 F.2d 539, 541 (9th Cir. 1959).

4. The presumption of validity is not completely disspelled merely because the

defendants' alleged prior art discloses ticket dispensers and the prior art cited by the Examiner does not disclose ticket dispensers. The prior art cited by the Examiner discloses dispensing structures having flanges cooperating with tongues or flaps in strip material directed in the feeding direction of the material which is the most important aspect of the invention of U.S. Letters Patent 3,885,724 and is not disclosed by the defendants' prior art. Saf-Gard Products, Inc. v. Service Parts, Inc., 532 F.2d 1266, 1271 (9th Cir. 1976); Neff Instrument Corp. v. Cohu, supra, 269 F.2d at 686.

5. Regardless of the strength of the presumption the trial court can and this trial court does find U.S. Letters Patent 3,885,724 valid and enforceable. Saf-Gard Products, Inc. v. Service Parts, Inc., supra, 532 F.2d at 1271.

6. The disclosure made in the description and drawings of the Ehrlund patent is such as would enable a person of ordinary skill in the art to make and use the patented invention. 35 U.S.C. 112. Not only would the latch and unrolling of the ticket strip from the bottom of the roll be obvious to a person skilled in the art, but also these structural features were not part of the invention as set forth in the claims. The relevant inquiry is whether the scope of enablement provided to one of ordinary skill in the art by the disclosure is commensurate in scope with the protection sought by the claims. In the Ehrlund patent the enablement is commensurate with the protection sought by the claims. Illinois Tool Works, Inc. v. Foster Grant Co., Inc., ___ F. 2d ____, 192

U.S.P.Q. 365, 372 (7th Cir. 1976); Yosemite Chemical Co. v. United States, 360 F.2d 948, 952 (Ct.Cls 1966); Georgia-Pacific Corp. v. United States Plywood Corp., 258 F.2d 124, 136 (2nd Cir. 1958), cert. denied 358 U.S. 884 (1958); Congoleum Industries, Inc. v. Armstrong Cork Co., 339 F.Supp 1036, 1055 (E.D. Pa. 1972); Trio Process Corp. v. L. Goldstein's Sons, Inc., 461 F.2d 66, 74 (3rd Cir. 1972).

7. The conception by Ake Ehrlund of his invention and his construction of working models in late 1971 and the filing of his Swedish patent application on January 26, 1972 serve to establish "the time the invention was made" within the meaning of 35 U.S.C. 103. The invention described and claimed in Mr. Ehrlund's original Swedish application is the same invention described and claimed in his U.S. application filed less than a year later and on which U.S. Letters Patent 3,885,724 issued. Thus, U.S. Letters Patent No. 3,885,724 has an effective filing date of January 26, 1972, the filing date of the original Swedish application. 35 U.S.C. 119; Application of Ziegler, 347 F.2d 642,649 (C.C.P.A. 1965).

8. Claims 1-5 in U.S. Letters Patent 3,885,724 precisely cover the subject matter disclosed in the specification and drawings. The language of the claims is to be construed in light of the patent specification and drawings, and the patentee can be his own lexicographer. United States v. Adams, 383 U.S. 39 (1966); Cool-Fin Electronics Corp. v. International Electronics Research Corp., 491 F.2d 660, 662 (9th Cir. 1974); Illinois Tool Works, Inc. v. Burnsing, 389 F. 2d 38, 40 (9th Cir. 1968); Canaan Products,

Inc. v. Edward Don & Co., 388 F.2d 540 (7th Cir. 1968); Walker on Patents, Deller Ed. Section 228.

9. The Ehrlund patent is not indefinite under 35 U.S.C. 112 merely because every word which is found in the claims is not found in the specification. It is sufficient if there is disclosure in the specification which supports the limitations which are in the claims and for this purpose resort may be had to the patent drawings which are a part of the specification. Autogiro Co. of America v. United States, 384 F.2d 391, 398 (Ct. Cls. 1967); Loon Co. v. Higgins, 105 U.S. 580, 590 (1881); Systron Donner Corp. v. Sundstrand Data Control, Inc. 182 U.S.P.Q. 561, 568 (Ca. Superior Ct. Contra Costa Co. 1974).

10. A statement of the forces coming into play in the operation of the Ehrlund invention or even statement of the scientific principles involved is not required in the claims or even in the specification of the Ehrlund patent which teaches how to make and use the device. Indeed, it is not even necessary that the patentee understand or be able to state the scientific principles underlying his invention. U.S. Letters Patent 3,885,724 is not invalid for failure to disclose or claim the forces that cause the end ticket to tear off. Eames v. Andrews, 122 U.S. 40, 55-56 (1887); Diamond Rubber Co. v. Consol. Tire Co., 220 U.S. 428, 435-436 (1911); DeForest Radio Co. v. General Electric Co., 283 U.S. 664, 685 (1931); Intermountain Research & Eng. Co. v. Hercules, Inc. 406 F.2d 133, 135 (9th Cir. 1969); Reese v. Elkhart Welding & Boiler Works, Inc., 447 F.2d 517, 525 (7th Cir. 1971).

11. The recited construction of the strip roll in the preamble to the claims of U.S. Patent No. 3,885,724 gives life, meaning and vitality to the claims and is an important limitation to define the remaining recited structural limitations of the claim, and is referred to in a determination of anticipation under 35 U.S.C. 103. Marston v. J. C. Penney Co., 353 F.2d 976, 986 (4th Cir. 1965), cert. denied 385 U.S. 974; Kropa v. Robi, 187 F.2d 150, 152 (C.C.P.A. 1951); Stradar v. Watson, 224 F.2d 737, 741 (D.C. Cir. 1957); Jack Winter, Inc. v. Koratron Co., Inc., 375 F.Supp 1, 20 (N.D. Cal. 1974); Application of Szajna, 422 F.2d 443, 447 (C.C.P.A. 1970); Union Carbide Corp. v. Filtrol Corp., 170 U.S.P.Q. 482, 519 (C.D. Cal. 1971), aff'd 179 U.S.P.Q. 209 (9th Cir. 1973). However, the element recited in the preamble does not form a part of the patented combination for infringement purposes. Williams Mfg. Co. v. United Shoe Machinery Corp., 316 U.S. 364, 368 (1942); Harris v. National Machine Works, Inc., 171 F.2d 85, 89 (10th Cir. 1948); Stukenborg v. Teledyne, Inc., 299 F.Supp 1152 (C.D. Cal 1969), aff'd 441 F.2d 1069 (9th Cir. 1971).

12. The claims of U.S. Patent 3,885,724 are not a mere aggregation of old and well-known elements because the claims define a device composed of certain defined elements in combination. Reeves Instrument Corp., supra, 444 F.2d at 263; Saf-Gard Products, Inc. v. Service Parts, Inc., 370 F. Supp 257, 269 (D.C. Ariz. 1974) aff'd. 532 F.2d 1266 (9th Cir. 1976).

13. Anticipation under 35 U.S.C. 102 being strictly a technical defense, the claims of U.S. Letters Patent No. 3,885,724

are valid because none of the prior art items relied upon by defendants discloses the same elements in exactly the same situation and united in the same way to perform the identical function as specified in the claims. Saf-Gard Products, Inc. v. Service Parts, Inc., supra; Walker v. General Motors Corp., 326 F.2d 56, 58 (9th Cir. 1966); Stauffer v. Slenderella Systems, Inc., 254 F.2d 127, 128 (9th Cir. 1957); Cool-Fin Electronics Corp. v. International Electronics Research Corp., supra; Schroeder v. Owens-Corning Fiber Glass Corp., 514 F.2d 901, 903 (9th Cir. 1975).

14. To establish invalidity of U.S. Letters Patent 3,885,724 under 35 U.S.C. 103 as obvious at the time the invention was made to a person having ordinary skill in the art to which the invention pertains, the defendants must establish the scope and content of the prior art, the differences between the prior art and the claims at issue and the level of ordinary skill in the pertinent art. Defendants have failed to carry their burden of proof that U.S. Letters Patent No. 3,885,724 is invalid as being obvious under 35 U.S.C. 103 by failing to establish the level of skill of the average man skilled in the art to which U.S. Letters Patent 3,885,724 pertains. Universal Athletic Sales Co. v. American Gym, ___ F.2d ___, 192 U.S.P.Q. 193, 202 (3rd Cir. 1976); Graham v. John Deere Co., 383 U.S. 1, 17 (1966).

15. To establish invalidity under 35 U.S.C. 103 defendants' alleged prior art patents must be viewed through the eyes of a person having ordinary skill in the art at the time of the invention as was done by

plaintiffs' expert Professor Chilton who believed the invention would have been unobvious using such test. Hindsight must play no part in determining what would have been obvious, and the teachings of the litigated patent must not be read into the prior art as attempted by defendants' expert Professor Myronuk. The non-obviousness of the invention to Messrs. Osborne and Williamson, who were persons skilled in the art and inventors of certain of defendants' alleged prior art, and to Tveter, who was a mechanic knowledgeable in the field, confirms lack of obviousness under 35 U.S.C. 103. Saf-Gard Products, Inc. v. Service Parts, Inc., supra; Neff Instrument Corp. v. Cohu Electronics, Inc., supra, 298 F.2d at 88.

16. The invention of U.S. Patent No. 3,885,724 is not invalid under 35 U.S.C. 103 because it was made in part by accident by a person skilled in the art. General Tire & Rubber Co. v. Watson, 184 F.Supp 344, 347 (D. D.C. 1960).

17. Professor Myronuk, being an expert, cannot be equated with the "person having ordinary skill in the art" contemplated by 35 U.S.C. 103. An expert is by his very nature inordinary. Westinghouse Electric Corp. v. Titanium Metals Corp. of Aman, 454 F.2d 515, 520 (9th Cir. 1971); Abington Textile Machinery Works v. Carding Specialists, Ltd., 249 F.Supp 823 (D.C. D.C. 1965).

18. From the skill of the ordinary man in the pertinent art established by plaintiffs, the subject matter defined by Claims 1-5 of U.S. Patent No. 3,885,724, as a whole, would have been unobvious at the time in 1971 when Mr. Ehrlund made his first working

dispenser on January 26, 1972 when the Swedish application was filed or on January 24, 1973 when the U.S. application was filed, to a person having ordinary skill in the art to which the subject matter pertains. 35 U.S.C. 103; Graham v. John Deere, Co., supra, Saf-Gard Products, Inc. v. Service Parts, Inc., 532 F.2d 1266, 1271 (9th Cir. 1976); Neff Instrument Corp. v. Cohu Electronics, Inc., supra.

19. The acclaim received by the Mark II dispenser, its widespread commercial success and virtual total replacement of the "Classic" model, and the long felt want for a reliable, inexpensive, simple ticket dispenser prior to Mr. Ehrlund's invention further establish the unobviousness of Mr. Ehrlund's invention, were there any doubt as to the validity of U.S. Letters Patent 3,885,724. Graham v. John Deere Co., supra; Goodyear Tire & Rubber Co., Inc. v. Ray-O-Vac, 322 U.S. 275 (1944); Saf-Gard Products Inc. v. Service Parts, Inc., supra, 532 F.2d at 1272.

20. Tveter and Prodeco saw the value of Mr. Ehrlund's improvement over existing ticket dispensers and sought to profit by copying his invention and selling it. Such copying itself is evidence of patentability. Antici v. KBH Corp., 324 F.Supp 236, 244 (N.D. Miss. 1971), aff'd 455 F.2d 607 (5th Cir. 1971); Troy Company v. Products Research Co., 339 F.2d 364, 367 (9th Cir. 1964); Zamboni v. M.B. Vanderber, 257 F.Supp 80, 82 (S.D. Cal. 1965).

21. Patent validity is bolstered where, as in the Ehrlund patent, the patented device achieves the unexpected results of a ticket

dispenser operating with no moving parts to dispense a single ticket pulled in a one-hand operation without contact with other parts and leaving the next ticket exposed to be grasped. The dispenser produces a synergistic result. Reeves Instrument Corp. v. Beckman Instruments, Inc., supra, 444 F.2d at 270-273; Saf-Gard Products, Inc. v. Service Parts, Inc., supra, 370 F.Supp at 269.

22. In view of the foregoing findings of fact and conclusions of law, it is concluded that the differences between the subject matter claimed in the Ehrlund patent and the prior art are such that the subject matter of the Ehrlund patent as a whole would not have been obvious at the time the invention was made to a person having ordinary skill in the art to which the subject matter pertains.

23. There was not fraud on the Patent Office in obtaining issuance of U.S. Letters Patent No. 3,885,724 from the manner in which Ehrlund executed the declaration for his patent application. Jack Winter, Inc. v. Koratron Company, Inc., 375 F.Supp 1 (N.D.Cal 1974). No intentional withholding of relevant information or affirmative misrepresentation material was made such that if the Examiner had known the true facts he would not have issued the patent. Jack Winter, Inc. v. Koratron Company, Inc., supra; Schnadig v. Gaines, 494 F.2d 383 (6th Cir. 1974); Becton, Dickinson & Co.v. Sherwood, 516 F.2d 514 (5th Cir. 1975); Kelley Mfg. Co. v. Lilliston Corp., 180 U.S.P.Q. 364, 372 (E.D. No. C. 1973); Huszar v. Cincinnati Chemical Works, Inc., 172 F.2d 6, 11 (6th Cir. 1949); Sanbo v. Bear & Manufacturing, 1 U.S.P.Q. 45, 48 (S.D. Ill. 1929); Bolt Associates, Inc. v. Rix Industries, 178

U.S.P.Q. 171, 174 (N.D. Cal. 1973); Scott Paper Co. v. Fort Howard Paper Co., 432 F.2d 1198, 1204-1205 (7th Cir. 1970).

24. There was no fraud on the Patent Office in obtaining issuance of U.S. Letters Patent No. 3,885,624 for failure to disclose to the Patent Office the entire construction of the "Classic" model dispenser or the British patent wherein the same is described. No intentional withholding of relevant information or affirmative misrepresentation material was made such that if the Examiner had known the true facts he would not have issued the patent. Neither the "Classic" model dispenser nor the British patent thereon anticipated the Ehrlund invention under 35 U.S.C. 102. Similarly, they themselves or in combination with other art would not have made Ehrlund's invention obvious under 35 U.S.C. 103. Jack Winter, Inc. v. Koratron Company, Inc., supra; Becton, Dickinson & Co. v. Sherwood, supra; Wen Products, Inc. v. Portable Electric Tools, Inc., 367 F.2d 764, 767 (7th Cir. 1966).

25. The instance when certain of plaintiffs' dispenser tickets were marked "patented" was unintentional and not for the purpose of deceiving the public or anyone and did not amount to misuse of patent rights that would prevent enforcement of plaintiffs' patent. 35 U.S.C. 292; Republic Molding Corp. v. B.W. Photo Utilities, 319 F.2d 347 (9th Cir. 1963); G. Heileman Brewing Co. v. Independent Brewing Co., 191 F. 489 (9th Cir. 1911).

26. The patent as it issued contained no new matter and was not invlaid for failure to file a supplemental oath. Abington Tex-

tile Machinery Works v. Carding Specialties, Ltd., supra.

27. Notification by plaintiffs, such as by letter from plaintiffs' counsel, advising of the pendency of the pending patent application, is a gratuitous act and had no binding legal effect on the person so notified. Such notification certainly had no legal effect to create an addition to the term of the later issued patent to begin with the date of the notification rather than the grant date of the patent. Certainly such notification did not arm plaintiffs with a self-created injunctive process which prohibited any person so notified from making, using or selling any accused device under pain of answering in damages over a period of time outside the limits set by the grant. Furthermore, no one tradted any such notification as an extension of the patent grant. Thomson Machinery Company v. LaRose, 306 F.Supp 681, 693 (E.D. La. 1969).

28. Defendants have not met their burden of proof on any of the issues they raised in the defense of this action, including defendants' burden on invalidity and unenforceability because of alleged misrepresentations or willful withholding of facts from the Patent Office in the procurement of the patent.

B. Patent Infringement

29. Defendants' TAKE-A-TURN ticket dispenser is a literal infringement of Claims 1-5 of U.S. Letters Patent No. 3,885,724. 35 U.S.C. 171(a); Purer & Co. v. Aktiebolaget Addo, 410 F.2d 871, 879 (9th Cir. 1969); Graver Tank & Mfg. Co. v. Linde Air Products

Co., 339 U.S. 605, 607 (1950).

30. In whatever respects defendants' TAKE-A-TURN dispenser differs from the claims of U.S. Letters Patent 3,885,724, the TAKE-A-TURN dispenser is equivalent to the language of the claims in U.S. Patent No. 3,885,724 since the structure of the two is substantially the same and the two do the same work in substantially the same way and accomplish the same results for an infringement of U.S. Letters Patent No. 3,885,724. The TAKE-A-TURN dispenser operates to tear off the ticket on either side of the casing flange. Graver Tank & Mfg. Co. v. Linde Air Products, Co., supra; Stearns v. Tinker & Rasor, 252 F.2d 589, 599 (9th Cir. 1957).

31. Infringement of the claims of U.S. Letters Patent 3,885,724 is not avoided for the TAKE-A-TURN dispenser by the addition thereon of the bar and tabs projecting from the cover, which additions are not specified in the claims. An accused device cannot escape infringement by merely adding features, if it otherwise adopts the basic features of the patent. Neff Instrument Corp. v. Cohu Electronics, Inc., supra, 298 F.2d at 89; Botsolas v. Schultz, 351 F.Supp 188, 190 (C.D. Cal. 1972).

32. The TAKE-A-TURN dispenser infringes U.S. Letters Patent 3,885,724 even though the TAKE-A-TURN dispenser incorporates the cover projecting tabs which were included on and copied from the TURN-O-MATIC Mark II dispenser, but which were not disclosed in the patent. An inventor need not disclose every possible way in which his invention may be used and his claims are not limited to the particular mode which he considers best

at the time of filing his application for patent. Adams v. United States, 330 F.2d 622, 625 (1964), aff'd. 383 U.S. 31; Reeves v. Beckman, supra, 444 F.2d at 274; Pursche v. Atlas, 300 F.2d 467, 479 (1962).

33. The manufacture and sale of component parts of the patented combination by Prodeco in unassembled form, but for assembly in the United States, is a direct infringement of the patent. Electric Pipe Line, Inc. v. Fluid Systems, Inc., 231 F.2d 370, 371 (2nd Cir. 1956); Kreplik v. Couch Patents Co., 190 F. 565, 567 (1st Cir. 1911); Ellett v. Klein 22 F.2d 807, 814 (D.C. E.D. Pa. 1927).

C. Trademark Validity

34. Federal Trademark Registration Nos. 776,575 and 1,051,234 and California Trademark Registration 53020 for TURN-O-MATIC are valid, subsisting and owned by plaintiff AB Turn-O-Matic. AB Turn-O-Matic is the owner of the trademark TURN-O-MATIC as applied to ticket dispensers, ticket strips therefor and number indicators.

35. Plaintiff's federal Trademark Registration No. 776,575 for TURN-O-MATIC is incontestible under 15 U.S.C. Section 1065 and thus is conclusive evidence of the registrant's exclusive right to use the registered mark in commerce. 15 U.S.C. Section 1005(b) and 1065; Casual Corner Associates, Inc. v. Casual Stores of Nevada, Inc., 493 F.2d 709, 711 (9th Cir. 1974); Jockey International, Inc., v. Burkard, ___ F. Supp ___, 183 U.S.P.Q 201 (S.D. Cal 1975); Stork Restaurant v. Sahati, 166 F.2d, 348, 369 (9th Cir. 1948); Wrist-Rocket Manufacturing Co., Inc. v. Saunders Archery Co., 516 F.2d

846 (8th Cir. 1975); cert. den. 423 U.S. 870 (1975).

36. If a trademark has become incontestible it is immune from challenge on any ground not enumerated in 15 U.S.C. Section 1115(b). Thus the defense that a mark is invalid because it is descriptive and lacking in distinctiveness cannot be raised in litigation. That is, it is conclusively presumed either that the mark is non-descriptive, or if so, has acquired secondary meaning. Defendants faced with an incontestible registered mark cannot defend by claiming that the mark is invalid because it is descriptive. Union Carbide Corp. v. Ever-Ready, Inc., 531 F.2d 366, 377 (7th Cir. 1976); J. McCarthy Trademarks and Unfair Competition, Section 11:17 (1973).

37. Even if effect is not given to incontestibility under 15 U.S.C. Section 1065, plaintiff's TURN-O-MATIC trademark has acquired a secondary meaning and thus become distinctive of plaintiff's goods. An otherwise descriptive word is protectable as a trademark if its use in commerce has resulted in its acquiring a secondary meaning, that is, its association in the mind of the public with the goods of the party seeking to enforce it as a trademark. North American Air Coach v. North American Aviation, 231 F. 2d 205, 210 (9th Cir. 1955); G. & C. Merriam Co. v. Saalfield, 198 F. 369, 373 (6th Cir. 1912); cert. den. 243 U.S. 651 (1917); Union Carbide, supra.

38. In order to show secondary meaning plaintiff need only to establish that the public associates the trademark TURN-O-MATIC with products made by plaintiff. It is not

necessary that the public be aware of the name of the manufacturer from which the products bearing the mark emanate. It is sufficient if the public is aware that the product comes from a single, though anonymous, source. Union Carbide, supra, Siegel v. Chicken Delight, Inc., 448 F.2d 43, 48 (9th Cir. 1971); cert. den. 405 U.S. 955 (1972).

39. It is immaterial whether purchasers are motivated to buy plaintiff's or defendnats' goods by their trademarks. It is not the function of a trademark to "move" prospective purchasers to buy goods, but to identify and distinguish them from the goods of others. In re Simmons Co., 278 F.2d 517, 519 (C.C.P.A. 1960); Fleischmann Distilling Corp. v. Maier Brewing Co., 314 F.2d 149, 155 (9th Cir. 1963); Stork Restaurant v. Sahati, supra; 166 F.2d at 359; Chip 'N Twigs, Inc. v. Chip-Chip, Ltd., F.Supp ---, 190 U.S.P.Q. 361, 374 n.11 (E.D. Pa. 1976).

40. Plaintiff's trademark is not descriptive; the word TURN-O-MATIC is fanciful. Even taking just the first four letters, a primary meaning of the word "turn" is "rotate", Webster's New International Dictionary, 1936, which is one of the most common, if not the most common meanings given to the word "turn." In re Kendall, 173 F.2d 359, 361 (C.C.P.A. 1949).

41. Even if the word "turn is considered with a meaning related to the use of plaintiff's and defendants' goods such as an opportunity in simple succession, once the mark has acquired a secondary meaning, it is entitled to as complete protection as if it were a strong distinctive mark at its

inception. North American Air Coach, supra, 231 F.2d at 210; Roto-Rooter Corp., supra.

D. Trademark Infringement

42. The test for determining whether there exists trademark infringement under California or federal law is whether or not defendants' mark is likely to cause confusion, mistake or deception with plaintiff's mark. Chopra v. Kapur, ___ F.Supp. ___, 185 U.S.P.Q. 195 (N.D. Cal. 1974); G.D. Searle and Co. v. MDX Purity Pharmacies, Inc., 275 F.Supp. 524 (C.D. Cal. 1967); Roto-Rooter Corp. v. O'Neal, 513 F.2d 44 (5th Cir. 1975).

43. Where a defendant in a trademark infringement case sells identical goods in identical channels of trade to identical customers, then a likelihood of confusion is much greater. David Sherman Corp. v. Heublein, Inc., 340 F.2d 377 (8th Cir. 1965); Graver Tank & Mfg. Co. v. Linde Air Products Co., 339 U.S. 605 (1950); Roto-Rooter, supra; Stork Restaurant, Inc. v. Sahati, supra.

44. That a defendant has used a similar trademark in an identical fashion on identical products, with similar advertising and display on identical products supports a finding of trademark infringement. Product and advertising similarities buttress and strengthen a case for trademark infringement since the multiplicity of such similarities is objective evidence of the defendants' conscious imitation of the product. Harold F. Ritchie, Inc. v. Chesebrough-Pond's Inc., 281 F.2d 755, 759-60 (2d Cir. 1960); Singer Manufacturing Co. v. Redlich, 109 F.Supp. 623, 624 (S.D. Cal. 1952).

45. Tveter has adopted and used the word TAKE-A-TURN as a trademark for his ticket dispensers, ticket strips therefor and number indicators. Where he has used his mark as a trademark on his advertising material and products and informed his customers that he was carrying the TAKE-A-TURN ticket dispenser and filed an application to register the TAKE-A-TURN trademark, he cannot rely upon the defense that he has used the mark descriptively. Jockey International, Inc., supra; Roto-Rooter, supra.

46. Courts do not look with much favor on the businessman like Tveter who, out of the wealth of words available, chooses as a trademark one which comes as close as he dares to a well known mark on the identical product. A.T. Cross Co. v. Jonathan Bradley Pens, Inc., 470 F.2d 689, 692 (2d Cir. 1972).

47. Plaintiff need not prove, as a condition of relief, that defendants have intentionally or willfully infringed their TURN-O-MATIC trademark. Jockey International, supra. A court may, however, infer a defendant's intent to trade upon the good will of another from the similarity of the mark the other has chosen, from the similarity of the products associated with such mark, and from the defendant passing off his products as those of the plaintiff. Ramirez & Ferand Chile Co. v. Las Palmas Food Co., 146 F.Supp. 594 (S.D. Cal. 1956); aff'd 245 F.2d 874 (9th Cir. 1957).

48. As a former distributor of plaintiff's products, Tveter was under a strict duty to adopt a trademark and form of package sufficiently distinct from that used by plaintiffs to avoid all possible confusion.

Arnar-Stone Laboratories v. Medical Supply Co., ___ F.Supp. ___, 152 U.S.P.Q. 61, 62 (N.D. Ill. 1966); National Teen-Ager Co. v. Howland, ___ F.Supp. ___, 185 U.S.P.Q. 385 (N.D. Ill. 1975); Northam Warren Corporation v. Universal Cosmetic Co., 18 F.2d 774, 775 (7th Cir. 1927).

49. Trademark law protects not only the intelligent, the experienced and the astute. It safeguards from deception also the ignorant, the inexperienced, and the gullible. Stork v. Sahati, supra, 166 F.2d at 359; Chord Tisch Hotels, Inc. v. Americana Inn, Inc., 350 F.2d 609 (7th Cir. 1965); Hair v. McGuire, 188 Cal. App. 2d. 348 (1961).

50. Where a product is sold to both professional and nonprofessional buyers, whether or not there is a likelihood of confusion, and thus trademark infringement, is determined at the level of the nonprofessional buyer. Omega Importing Corp. v. Petri-Kine Camera Co., 451 F.2d 1190, 1195 (2d Cir. 1971); Shawnee Milling Co. v. Sidney Wanzer and Sons, Inc., 390 F.2d 1002 (C.C.P.A. 1968).

51. Even if the purchasers of ticket dispensers, indicators and tickets for ticket dispensers are considered to be sophisticated, the expertise of purchasers does not always assure absence of confusion, Communications Satellite Corp. v. Comcet, Inc., 429 F.2d 1245, 1252 (4th Cir. 1970), cert. den. 400 U.S. 942 (1970), particularly where there has in fact been actual confusion by customers of the same class. U.S. Jaycees v. San Francisco Chamber of Commerce, supra.

52. In deciding the question of likeli-

hood of confusion between the marks TURN-O-MATIC and TAKE-A-TURN, it is not just the confusion of the immediate purchasers or those who deal directly with the defendant, but all of those who come in contact with the products, trademarks and the reputations associated with the marks. Thus, a case for trademark infringement or unfair competition is not weakened if the resulting confusion is in the mind of those who purchased the product from the immediate purchaser from the defendant, or those who supervise those who deal with the defendant. Bali v. American Trial Lawyers Association, 14 Cal. App. 3d 289 (1971); Franklin Mint, Inc. v. Franklin Mint, Ltd., 331 F.Supp. 827 (E.D.Pa.1971).

53. Tveter's use of labels and other material which identify SGT Enterprises on the TAKE-A-TURN dispenser heightens, rather than reduces, the likelihood of confusion, accident or mistake on behalf of the customer. A purchaser could well think plaintiff had licensed Tveter as a second user and the addition is thus an aggravation and not a justification. Menendez v. Holt, 128 U.S. 514, 521 (1888); A. T. Cross Co. v. Jonathan Bradley Pens, Inc., 470 F.2d at 692; Truck Equipment Co., supra; Miles Shoes, Inc. v. R.H. Macy & Co., 199 F.2d 602, 603 (2d Cir. 1952).

54. Although a likelihood of confusion can be established without evidence of actual confusion, evidence of actual confusion is extremely significant to a determination of the likelihood of confusion, and is given great weight if such evidence is adduced. This is because evidence of actual confusion is difficult to obtain in trademark infringement cases. U.S. Jaycees v. San Francisco

Chamber of Commerce, 354 F.Supp. 61, 77 (N.D. Cal. 1972); aff'd. 513 F.2d 1226 (1975); American Petrofina, Inc. v. Petrofina of California, Inc., ___ F.Supp. ___, 189 U.S.P.Q. 67, 81 (C.D. Cal. 1975); Jockey International, supra, 185 U.S.P.Q. at 207.

55. AB Turn-O-Matic as a trademark owner is entitled to its own reputation and it matters not whether the goods of Tveter as an infringer are of lower quality than those bearing the registered trademark, since the trademark owner has still been deprived of its right to the exclusive use and control of the reputation of its product. Stork Restaurant v. Sahati, supra; Maier Brewing Co. v. Fleishchmann Distilling Corp., 390 F.2d 117, 122 (9th Cir. 1968). If the infringer's products are inferior to those of plaintiff, however, an injury to plaintiff's good will, as well as its trade, is manifest and an injunction to prevent confusion is all the more required Chopra v. Kapur, supra; Haeger Potteries v. Gilner Potteries, 123 F.Supp. 261, 269 (S.D. Cal. 1954).

56. The nonfinal ex parte determination by the Trademark Examiner in the Patent and Trademark Office of the allowability of Tveter's trademark application without citing an existing registration is not even controlling in a second proceeding in the Patent and Trademark Office, Thermo King Corp. v. King Co., 154 U.S.P.Q. 71 (T.T.A.B. 1967), nor is it evidence in an infringement suit. Tuvache Inc. v. Emilio Pucci Perfumes International Inc., 263 F.Supp. 104 (S.D. N.Y. 1967); Whopper-Burger, Inc. v. Burger King Corp., 171 U.S.P.Q. 805 (T.T.A.B. 1971).

57. Where there is no evidence that the

Patent Office even was aware of plaintiff's use of the term TURN-O-MATIC, not only cannot defendants rely upon the failure of the Patent Office to cite plaintiff's registration against defendants' application to register the TAKE-A-TURN trademark, Tuvache Inc. v. Emilio Pucci, supra, but the implication arises that defendants were under an obligation to disclose to the Trademark Examiner not only that this suit was filed so that the Patent and Trademark Office could suspend proceedings, Whopper-Burger, Inc. v. Burger King, supra, but also their knowledge that plaintiff was using the mark TURN-O-MATIC prior to its use of the mark TAKE-A-TURN. Wurzburger Hofbrau Aktien v. Schoenling Brewing, Inc., 331 F.Supp. 497 (S.D. Ohio 1971).

58. The trademark, TAKE-A-TURN for ticket dispensers, tickets therefor, and indicators is confusingly similar to the trademark TURN-O-MATIC.

59. Defendant Tveter is using the mark TURN-O-MATIC in interstate commerce without the consent of plaintiff, in the sale, offering for sale, distribution and advertising of ticket dispensers, tickets therefor, and indicators, which use is likely to cause confusion, or to cause mistake, or to deceive, in violation of 15 U.S.C. Section 1114(1).

60. Defendants' use of the trademark TAKE-A-TURN in connection with ticket dispensers, tickets therefor, and indicators, is the use of a false designation of origin in interstate commerce in violation of 15 U.S.C. Section 1125(a).

61. The sale and/or distribution by defendants Tveter and SGT of their ticket

dispensers, number indicators and tickets for ticket dispensers using the word TAKE-A-TURN infringes plaintiff's trademark TURN-O-MATIC, and the registrations thereof, under the Lanham Act, 15 U.S.C. Section 1114(i) & California Business & Professions Code Sections 14200-14342.

E. Unfair Competition - Product Simulation

62. The copying or simulation of the goods of a competitor where the effect thereof is to appropriate another's good will is unfair competition under Section 3369 of the California Civil Code and 15 U.S.C. Section 1125(a) and will be enjoined by the courts. American Philatelic Society v. Claibourne, 3 Cal. 2d 689, 697 (1936); Doran v. Sunset House Distributing Corp., 197 F.Supp. 940, 949 (S.D. Cal. 1961); aff'd. 304 F.2d 251 (9th Cir. 1962); Haeger Potteries v. Gilner Potteries, 123 F.Supp. 261, 268 (S.D. Cal. 1954).

63. The test of whether product simulation activities are unfair competition under California and federal law is whether or not the product simulation results in a likelihood of confusion, deception or mistake in the marketplace. Clairol Inc. v. Cosway Co., Inc., ___ F.Supp. ___, 184 U.S.P.Q. 583 (C.D. Cal. 1974); Doran v. Sunset House, supra, 197 F.Supp. at 949; Mattel, Inc. v. Nancy Ann Storybook Dolls, Inc., ___ F.Supp. ___, 171 U.S.P.Q. 30 (N.D. Cal. 1971).

64. The best evidence of a likelihood of confusion in a product simulation case, like a trademark case, is the existence of actual confusion. Doran, supra, 197 F.Supp. at 949; Union Carbide, supra.

65. The shape and appearance of plaintiff's TURN-O-MATIC ticket dispenser is protectable under the law of unfair competition if it has acquired a secondary meaning in the marketplace. Haeger Potteries, supra; Time Mechanisms, Inc. v. Qonaar, 422 F.Supp. 905 (D. N.J. 1976); Truck Equipment Service Co. v. Fruehauf Corp., F.2d ___, 191 U.S.P.Q. 79 (8th Cir. 1976).

66. Secondary meaning is established for a design or product shape if it is shown that customers recognized and identified the shape and appearance of the product. If the shape and appearance of a product is dissimilar from other such products which perform the same function, then this is a strong factor in favor of the existence of secondary meaning in the design of the product. Truck Equipment, supra; Haeger Potteries, supra, Time Mechanisms, supra.

67. The fact that defendant Tveter deliberately and closely imitated plaintiff's TURN-O-MATIC Mark II dispenser is alone sufficient to establish secondary meaning in the design of the product. Clairol v. Cosway, supra, 184 U.S.P.Q. at 586; Fleischmann Distilling Corp., supra; Audio Fidelity, Inc. v. High Fidelity Recordings, Inc., 283 F.2d 551, 558 (9th Cir. 1960).

68. The design and appearance of the Mark II TURN-O-MATIC ticket dispenser is substantially arbitrary and nonfunctional.

69. Although it is established in law that designs which are primarily functional in nature cannot be protected against copying by others, the fact that portions of the design do serve particular purposes vis-a-vis

the product does not prevent an injunction against product copying. It is only necessary that the design not be "primarily" or "incidentally" functional. The shape and appearance of a product housing is not functional if the internal mechanism of the product can be contained by housings of many different configurations. Time Mechanisms, Inc. supra, 422 F.Supp. 905 (D. N.J. 1976); Truck Equipment, supra.

70. The Sears and Compco cases do not bar a cause of action for unfair competition for product simulation where the defendant's product is likely to cause confusion, deception or mistake with that of the plaintiff. Time Mechanisms, Inc. supra, 422 F.Supp. 905 (D. N.J. 1976); Clairol v. Cosway, supra; Field Enterprises Educational Corp. v. Cove Industries, Inc., 297 F.Supp. 989 (E.D.N.Y. 1969); Mayview Corp. v. Rodstein, ___ F.Supp. ___, 178 U.S.P.Q. 449 (9th Cir. 1973); Truck Equipment, supra.

71. It is not necessary for a cause of action for unfair competition from product copying that defendant also be guilty of "passing off." It is sufficient for relief that the design of plaintiff's product be possessed of a secondary meaning, be non-functional and that the defendant's product creates a likelihood of confusion with that of plaintiff. Truck Equipment, supra, 191 U.S.P.Q. at 82 n.2 and 83; Field Enterprises, supra; Mayview v. Rodstein, supra; Rolls Royce Motors, Ltd. v. Custom Cloud Motors, Inc., ___ F.Supp. ___, 190 U.S.P.Q. 80 (S.D. N.Y. 1976); Time Mechanisms, Inc., supra.

72. The shape and appearance of the

plaintiff's Mark II ticket dispenser has acquired a secondary meaning among customers in the marketplace.

73. Defendants' use of the shape and appearance of the TAKE-A-TURN ticket dispenser which simulates and duplicates the shape and appearance of plaintiff's TURN-O-MATIC Mark II ticket dispenser, which has acquired a secondary meaning in the marketplace, is likely to cause confusion, has caused actual confusion, and has enabled Tveter to pass off his goods as those of plaintiff and constitutes unfair competition under Section 3369 of the California Civil Code.

74. The conduct of defendants in imitating the shape and appearance of plaintiff's TURN-O-MATIC Mark II ticket dispenser is unlawful under principles of unfair competition as applied in the State of California under Section 3369 of the California Civil Code and throughout the United States under 15 U.S.C. Section 1125(a).

F. Unfair Competition - Palming Off

75. By defendant Tveter's sale of his TAKE-A-TURN products to customers ordering and/or expecting to receive plaintiff's TURN-O-MATIC products, Tveter has "palmed off" and "passed off" his products as those of plaintiff and thereby is guilty of unfair competition with plaintiff. Filon Plastics Corp. v. H. Koch and Sons, 243 F.Supp. 636 (N.D. Cal. 1965).

76. Defendant Tveter is responsible for the acts of his agents, distributors, salesmen, employees, and retail store personnel,

where he puts goods into the hands of such persons for sale to the public, which goods contain the means for deceiving purchasers, and it can be reasonably anticipated that they may be so used. Jockey International, supra, 185 U.S.P.Q. at 207; Max Factor & Co. v. Factor, 226 F.Supp. 120 (S.D. Cal. 1960); Steward Paint Mfg. Co. v. United Hardware Distributing Co., 253 F.2d 568 (8th Cir. 1958); Coca Cola Co. v. Dorris, 311 F.Supp. 287, 290 (E.D. Ark. 1970); Philadelphia and Reading Railroad Co. v. Derby, 55 U.S. (14 How. 468 (1852).

77. Like evidence of actual confusion, evidence of passing off in the form of testimony by witnesses that defendants' products had been passed off on them for that of plaintiff's, is extremely significant in favor of a finding that defendants are guilty of unfair competition by passing off their products as those of plaintiff. Photoplay v. LaVerne, 269 F. 730 (3rd Cir. 1921).

78. In a situation where palming off has been accomplished not only by a defendant's misrepresentations at the time of sale, but also by the design of the defendant's products and their labeling, the court must enjoin not only the practice of palming off in the abstract, but the practices which enables it to be accomplished. North American Air Coach, supra; Mattel v. Nancy Ann Storybook Dolls, supra; High Fidelity Recordings v. Audio Fidelity, Inc., 305 F.2d 86 (9th Cir. 1962).

79. Defendant Tveter's use of the mark TAKE-A-TURN and an identical part numbering system for his customer numbering system to that used by plaintiffs has enabled him to

pass off his goods as those of plaintiffs.

80. A cause of action for unfair competition exists with a defendant's use of similar or identical product numbers for his products as that used for plaintiff's identical products. The simulation of a product numbering system which has come to be associated with a manufacturer's product may be enjoined. B.H. Bunn Co., Inc. v. AAA Replacement Parts Co., 451 F.2d 1254 (5th Cir. 1971); Shaw Stocking Co. v. Mack, 12 F. 707 (C.C. N.D. N.Y. 1882); Wolf Bros. & Co. v. Hamilton-Brown Shoe Co., 165 F. 413 (8th Cir. 1908).

81. Tveter has unfairly competed with plaintiff under Section 3369 of the California Civil Code by palming off his goods as those of plaintiff.

82. Plaintiffs are entitled to an award of an injunction against Tveter's trademark infringement and false designation of origin under 15 U.S.C. Section 1116 and California Business & Professions Code Section 14340, and against unfair competition and the activities which have enabled unfair competition, California Civil Code Section 3369.

83. Any finding of fact entered herein which may be construed in whole or in part as a conclusion of law shall be so deemed and treated as set forth as a conclusion of law herein, and any conclusion of law herein which may be construed in whole or in part as a finding of fact shall be so deemed and treated as if set forth as a finding of fact herein.

G. Injunctive Relief and Order

84. Plaintiffs shall have a judgment in

its favor and against defendants that:

A. United States Letters Patent 3,885,724 is valid.

B. Defendants Tveter, SGT, Nakagawa and Prodeco have infringed United States Letters Patent 3,885,724, with the manufacture and sale of TAKE-A-TURN dispensers.

C. The trademark TURN-O-MATIC and federal Registration No. 776,575 and California Registration 53,020 are valid and the exclusive property of plaintiff AB Turn-O-Matic.

D. Defendants Tveter and SGT have infringed plaintiff's trademark in connection with advertising, offering for sale and selling ticket dispensers, ticket strips therefor and number indicators.

E. Defendants Tveter and SGT have unfairly competed with plaintiff by simulation of the shape and appearance of plaintiff's ticket dispenser.

F. Defendants Tveter and SGT have "palmed off" their goods including their ticket dispensers, ticket strips therefor and number indicators as those of plaintiff.

85. Plaintiffs are entitled to a permanent injunction against defendants Prodeco, its officers, agents, attorneys, employees, and those acting in privity or concert with

it, and Nakagawa

a) from further manufacture, use or sale of the TAKE-A-TURN dispenser.

b) from directly or indirectly infringing any claim of U.S. Letters Patent No. 3,885,724 by making, using or selling or causing to be made, used, or sold, ticket dispensers of the type or style herein identified as infringing, and any infringing equivalents thereof until May 27, 1992.

against Tveter and SGT, its officers, agents, attorneys, employees and those acting in privity or concert with it

a) from further manufacture, use or sale of the TAKE-A-TURN dispenser.

b) from directly or indirectly infringing any claim of U.S. Letters Patent No. 3,885,724, by making, using or selling or causing to be made, used or sold, ticket dispensers of the type or style herein identified as infringing, and any infringing equivalents thereof.

c) from using TURN-O-MATIC, TAKE-A-TURN or any colorable imitation thereof, alone or as a part of a trademark and/or trade name in connection with advertising, offering for sale

or selling of ticket dispensers, ticket strips therefor, number indicators and related goods, unless such products or goods are the products of the plaintiff, except that these defendants may use such marks in the notice of section (c) of the order of the next paragraph.

d) from otherwise infringing said TURN-O-MATIC marks and plaintiff's common law rights therein.

e) from simulating the shape and appearance of plaintiff's TURN-O-MATIC "Mark II" ticket dispenser.

f) from unfairly competing with plaintiff, diluting the distinctiveness of plaintiff's trademark and ticket dispensers, or palming off or falsely indicating the origin of its ticket dispensers, ticket strips therefor, number indicators and related products, as authorized, licensed, or manufactured by plaintiff, in any manner.

g) from passing off ticket dispensers, ticket strips therefor, and number indicators of defendants as products of plaintiff.

h) from distributing and using promotional literature and product part designations designed to appear as that of

plaintiff.

86. Plaintiffs are entitled to an order that

a) defendants be required to deliver up to plaintiff all devices infringing U.S. Letters Patent 3,885,724 and all TAKE-A-TURN ticket dispensers and the molds therefor.

b) defendants be required to deliver up to plaintiff all devices, literature, advertising and other material bearing any of the infringing trademarks or any trademark which closely simulates plaintiff's mark, or which otherwise unfairly compete with plaintiff.

c) if defendants desire to fill any orders for customer numbering system products with products not made or distributed by plaintiff where such order(s) request products using the trademark TURN-O-MATIC or any colorable imitation thereof, including TAKE-A-TURN, then prior to making such substitution, defendants be required (a) to notify the ordering customer in writing of the brand name of the products sold by defendants and that the defendants do not sell the requested brand of products and (b) to have received a specific authorization in writing for the substitution from the ordering customer.

No. 80-1497

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In the Supreme Court

OF THE

United States

OCTOBER TERM 1980

AB TURN-O-MATIC,
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VS.

SVEN TVETER,
Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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No. 80-1497

In the Supreme Court

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United States

OCTOBER TERM 1980

AB TURN-O-MATIC,
Petitioner,

VS.

SVEN TVETER,
Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Respondent, Sven Tveter, opposes the petition for writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit, filed and entered on December 4, 1980.

A SUPPLEMENTAL STATEMENT OF THE CASE

A. Background of the Parties

The petitioner, AB Turn-O-Matic, is a Swedish corporation having its principal place of business in Sundyberg, Sweden. It is a multi-national corporation and has agents and distributors throughout the world. Turn-O-Matic acquired its ownership of the patent in suit by an assignment from Ake Ehrlund. The ticket dispensers and tapes were produced by Turn-O-Matic in Europe. Other products sold

by Turn-O-Matic were plastic baskets, aluminum extension brackets, marking pens, price markers, ticket number displays, shopping carts, plastic soap holders and soap.

Sven Tveter, the respondent, is an individual residing in Saratoga, California, and is doing business in Santa Clara, California, as SGT Enterprises. He has only one employee, namely his secretary. The products sold by SGT Enterprises are ticket dispensers, ticket tapes and an electronic number display.

B. The Decisions Below

By order of the District Judge and by stipulation of the parties, the trial was held before a Magistrate. The Magistrate recommended that the entire 217 findings of fact and the entire 86 conclusions of law be adopted by the District Judge without changing a single word, without adding a single word and without deleting a single word (Appendix to Petition, pages 19-131). Not one of the respondent's 45 findings of fact was accepted by the Magistrate and not one of the defendant's conclusions of law was accepted by the Magistrate.

An Appeal was taken before the Court of Appeals of the Ninth Circuit. The Circuit Court of Appeals declared U.S. Patent No. 3,885,724 invalid for obviousness. As to the matters of unfair competition and trademark infringement, the case was remanded to the District Court for further proceedings consistent with the opinion of the Court of Appeals. (Appendix to Petition, page 17) The judgment and injunction entered by the District Court were vacated. As this cause now stands, it is pending before the District

Court for further proceedings consistent with the opinion of the Court of Appeals.

Because the Court of Appeals was able to dispose of the patent infringement action on the invalidity of the patent in suit, the Court of Appeals did not review the following issues:

(a) Whether the Tveter dispenser fell within purview of the claims of the patent in suit;

(b) Misuse of the patent;

(c) Violation of Rule 56 of The Rules of Practice of the United States Patent Office.

Scandus, Inc., a United States distributor for the petitioner, was joined with the petitioner as a party plaintiff. For some time prior to the filing of the complaint in the present cause, Scandus, Inc., without success, sought to make Fred Wagner a Turn-O-Matic distributor. Fred Wagner, was a distributor for the respondent, Sven Tveter. Fred Wagner testified that he received a communication from the president of Scandus, Inc. stating that Turn-O-Matic has a war chest of $150,000 to spend on litigation to break the back of Tveter. (Trial Transcript, page 949, lines 1-21) Plaintiff's attorneys sent Fred Wagner a copy of plaintiff's pleading for its motion for preliminary injunction, which motion was denied. Fred Wagner was not a party to the action.

The petitioner filed a second action for infringement of the patent in suit against Henry Nakagawa and Industrial Plastic Products, Inc. Industrial Plastic Products, Inc. is owned and operated by Henry Nakagawa. Henry Nakagawa, who was the sole supplier of dispensers for the

respondent, Sven Tveter, testified that the mold for producing the Tveter dispenser is owned by Tveter. Nakagawa informed petitioner that the mold, in fact, was the property of Tveter. In spite of this information, Nakagawa received communications from petitioner advising Nakagawa that by giving the mold to the petitioner and Scandus, Inc., he would not be sued for infringement of the patent in suit. Nakagawa refused to convert the property of the respondent, Tveter, to the petitioner and Scandus, Inc., and to commit the act of an unlawful and tortious conversion. As a consequence thereof, the infringement suit was filed against Nakagawa. (Trial Exhibit AD; Trial Transcript, page 927, line 28—page 930, line 7; page 852, line 5)

It is only an issued patent that gives rise to a right to sue for patent infringement (35 U.S.C. § 271). While the application issuing into the patent in suit was pending before the United States Patent and Trademark Office, the petitioner and Scandus, Inc., threatened the following organizations with a patent infringement suit, should they purchase dispensers from Tveter: Sears, Roebuck & Co., Fred Wagner, Baskin-Robbins 31 Ice Cream Stores, and Pacific Butchers, Inc. (Trial Exhibits AB and AN; Trial Transcript, page 947, line 13-page 949, line 21; page 969, lines 21-25; page 975, line 16-page 977, line 1; page 978, lines 16-18; page 643, line 14-page 647, line 10; page 667, line 27-page 668, line 4; page 686, line 28-page 690, line 2; page 691, line 12-page 694, line 23.)

The petitioner's statement of the case as to the opinion of the Court of Appeals is inaccurate. On page 3, of the Petition for Writ of Certiorari, the petitioner states:

With its own offhand unsupported determination that the patented ticket dispenser would not produce a synergistic result, the Court of Appeals held that lacking a necessary synergistic result the patent was invalid for obviousness.

The Court of Appeals actually stated (Appendix to Petition, pages 10 and 11):

> *Appellees* [Petitioner] contend the Ehrlund device meets the not "obvious" standard because the combination of old elements is "synergistic", i.e., "result[s] in an effect greater than the sum of the several effects taken separately." *Anderson's Black Rock v. Pavement Co.* 396 U.S. 57, 61 (1976). Appellees [Petitioner] cite the following exchange with their expert witness:
>
> Q. In your opinion, does the device of the patent produce a synergistic result?
>
> A. Yes, it does, indeed. As I have already described it, it permits several things to happen at the same time. That is it permits a ticket, a single ticket, to be dispensed with one hand without moving parts other than the ticket strip itself in the casing, and such a way that the next ticket is not touched by the person who pulls off the previous ticket, or anyone else for that matter.

The Court of Appeals further stated that:

> This description accurately mirrors Borden's 1940 patent (No. 2,221,213) for a simple cellophane tape dispenser, cited as prior art by the patent examiner. (Italics added for emphasis. Bracketed words added for clarity.)

The Court of Appeals in the present cause never held that synergism is a requirement for unobviousness of in-

vention under 35 U.S.C. § 103. The Court of Appeals in the present cause never "held that lacking a necessary synergistic result the patent was invalid for obviousness". The petitioner not only misquoted the Court of Appeals, but also had misconstrued the reasoning of the Court of Appeals.

It is the petitioner that contended the patent in suit met the not "obvious" standard, because the combination of old elements is synergistic (Petitioner's appendix, page 10; Brief for Appellees before Court of Appeals on page 21.) The Court of Appeals never required a synergistic result for the "unobvious" standard. The decision by the Court of Appeals merely demonstrated that the argument made by the petitioner urging that a synergistic result meets the "unobvious" standard was factually not persuasive, because the purported synergistic result was not surprising, not expected or not unusual. As stated by the Court of Appeals, the purported synergistic result was disclosed in the patent to Borden, No. 2,221,213.

The Court of Appeals reached the decision that Patent No. 3,885,724 was invalid by reasoning as follows (Appendix to Petition, pages 11 and 12):

> As we said in *Kamei-Autokomfort v. Eurasian Automotive Products*, supra, 553 F.2d at 609, quoting our earlier decision in *Rex Chainbelt v. Harco Product, Inc.* 512 F.2d 993, 1000 (9th Cir. 1975): "What we have here is: 'an improved product but not an innovatively different one . . . . [W]e see the development and refinement of an old concept . . . but not an inventive or new approach to the problem.'"

The Court of Appeals further reasoned that the patent in suit was invalid, because it did not evidence the application of a new principle or the achievement of a surprising or unexpected result required to satisfy the severe test for patentability of a combination of elements old in the art. Hence, the patent in suit is invalid under 35 U.S.C. § 103, in that the subject matter sought to be patented as a whole was obvious in view of the prior art. There is no application of the requirement of a synergistic result in the reasoning of the Court of Appeals for holding the patent in suit invalid.

ARGUMENT

1. No Federal Question Presented

The question presented for review by Turn-O-Matic is not within the provisions of Rule 19 of this Court. The Court of Appeals in this cause has not rendered a decision in conflict with the decision of another Court of Appeals on the same matter. The Court of Appeals in this cause never held that synergism is a requirement for unobviousness of the invention under 35 U.S.C. § 103.

2. Petitioner's Question

The petitioner's question is premised upon an erroneous conclusion of the decision of the Court of Appeals. The Court of Appeals never held in the present cause that synergism is a requirement for unobviousness of the invention under 35 U.S.C. § 103. Moreover, there is no basis in the patent to support any doctrine of synergism. The purported results volunteered by petitioner's expert neither appear in the specification nor in the claims of the patent in suit.

3. The Findings of Facts and Conclusions of Law Recommended By The Magistrate Do Not Represent His Independent Thought and Research

The petitioner proposed 217 findings of fact and 86 conclusions of law. The Magistrate in his findings (Court of Appeals Appendix, page 1a, Magistrate's Findings) recommended that the Court adopt the proposed findings of fact and conclusions of law as submitted by the petitioner without changing, adding or deleting a single word. On the other hand, the Magistrate rejected each and every one of the respondent's proposed findings and conclusions. This does not represent the independent thought and research of the Magistrate.

Findings which are not the product of the lower tribunal's independent thought and research must be scrutinized carefully. *United States v. El Paso Natural Gas Co.* 376 U.S. 651 (1964)

CONCLUSION

The petitioner in an effort to find some basis for review by this Court had distorted the decision of the Court of Appeals. The petitioner urges that the Court of Appeals held the patent in suit invalid for the want of a synergistic result. The Court of Appeals held the patent in suit invalid because the invention claimed as a whole was obvious, and hence failed to meet the standard for invention under 35 U.S.C. § 103 without premising the obviousness on a lack of a synergistic result.

After giving a careful analysis to the teachings of the art of record, the Court of Appeals did not address the question of whether a synergism analysis was warranted on the facts of the present cause, because the patent in suit was so blatantly void of any invention. It is submitted that the alleged conflict between the decision of this cause by the Ninth Circuit Court of Appeals and the remaining Circuits is illusory and unfounded. It does not, in fact, exist.

Respectfully submitted,

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APR 6
ALEXANDER L.
CLERK

No. 80-1497

In the Supreme Court of the United States

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On Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

Petitioner's Reply Memorandum

The Court of Appeals and Respondent Are Responsible for the Application of the Synergism Test

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Petitioner's Reply Memorandum

The Court of Appeals and Respondent Are Responsible for the Application of the Synergism Test

Respondent Tveter, like the Court of Appeals, attempts to put the blame for the court's reliance upon the nonstatutory ground of "synergism" upon petitioner. Respondent Tveter, in his opposing brief at page 6, relies upon the Court of Appeals statement that the petitioner contended that the patent in suit met the not "obvious" standard be-

cause the combination of old elements is synergistic. Respondent Tveter was the party who interjected the requirement of synergism into this case to define a patentable invention. In his Proposed Findings of Fact and Conclusions of Law and Judgment submitted prior to the commencement of trial, Tveter set forth as his proposed conclusion of law No. 6:

> "U.S. Letters Patent No. 3,885,724 being a combination patent, it fails to satisfy the severe test that the whole of the matter sought to be patented exceeds the sum of the parts to produce unusual or surprising results from the unification of the elements and, therefore, does not define a patentable invention."

Respondent submitted an identical proposed conclusion of law at the end of trial and then carried the argument to the Ninth Circuit Court of Appeals stating in Respondent's brief at page 44:

> "The Ninth Circuit, in construing the mandate of the U.S. Supreme Court in the *Great A & P Tea Co. v. Supermarket Equip. Corp.*, 340 U.S. 147 (1950); *Anderson's Black Rock v. Pavement Co.*, 396 U.S. 57 (1960), has held that claims directed to a combination of elements must satisfy the severe test that the whole of the matter sought to be patented must exceed the sum of the parts to produce an unexpected, unusual or surprising result from the unification of the elements to define a patentable invention. (*Alcor Aviation, Inc. v. Radair Incorporated*, 527 F.2d 113 (1975); *Regimbal v. Scymansky*, 444 F.2d 333 (9th Cir. 1971); *Santa Anita Mfg. Co. v. Lugast et al.*, 369 F.2d 964 (9th Cir. 1967); *Bentley v. Sunset House Distr. Co.*, 359 F.2d 140 (9th Cir. 1966); *Burgess & Associates, Inc. v. Klingensmith, supra.*)"

Respondent established through evidence at the trial that to the extent a synergistic result can exist in a combination,

a synergistic result was achieved with petitioner's patented ticket dispenser. The findings by the trial court are Nos. 44 and 79 and conclusion No. 22, found respectively at pages 43, 55 and 109 of the Appendix of the Petition. The synergistic result is not merely only that summarized in the isolated quote from the trial transcript made by the Ninth Circuit Court of Appeals which appears at page 11 of the Appendix of Petition.

It is believed that at respondent's urging the Ninth Circuit Court of Appeals did, in fact, reach a conclusion that a synergistic result was required and even summarily reversed the determination of the District Court that a synergistic result did exist with petitioner's dispenser.

Under the interpretation by the First Circuit in *International Tel. and Tel. Corp. v. Raychem Corp.*[1] and the Sixth Circuit in *Hanson v. Alpine Valley Ski Area, Inc.*[2] that synergism is a sufficient condition for patentability, the District Court's determination of a synergistic result in the present case would establish validity of the patent in suit.

The District Court Did Not Simply Adopt Petitioner's Proposed Findings and Conclusions

On page 8 of his Opposition Brief Respondent Tveter misrepresents to this Court the background and development of the findings of fact and conclusions of law established at trial. Tveter made extensive objections to the findings and conclusions which the Magistrate adopted after final arguments and review. The objections were thoroughly briefed by the parties (Record 886-917, 928-1055) and were referred to and argued before the Magistrate. As

1. 538 F.2d 453, 457 (1st Cir. 1976).
2. 611 F.2d 156, 160 (6th Cir. 1979).

a result one duplicative finding was deleted and changes were made in two conclusions of law which changed the language of the judgment.

At the conclusion of the hearing on Tveter's objections to the findings of fact and conclusions of law adopted by the Magistrate, the Magistrate stated:

> "Now if I reject the defendants' proposal [of findings], it is based on two things: Number one, I found not that your witness told a lie, but that your evidence was not as believable as the plaintiffs', or that if there is a conflict I had to accept one and reject the other. And I did precisely that. I didn't find Mr. Tveter to be particularly persuasive. I was very interested in Mr. Tveter going to the plastic designer and in a very short period of time out comes a plastic container that has all of the—or just about all the interior configurations that the plaintiff's machine had." (Petitioner's Brief on Appeal, p. 12)

CONCLUSION

It is believed that this case presents the issue of the requirement and/or sufficiency of "synergism" in determination of patent validity on which the Circuits are vastly divided and in conflict.

Respectfully submitted,

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